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ABSTRACT

The guide offers suggested curriculum materials in consumer education for secondary schools or as background information for teaching adults. It focuses on an understanding of decision making, the economic system, and management. The units of instruction are based on 13 concepts: (1) the process of decision making in relation to consumer behavior; (2) relationship of values and goals to economic competence; (3) influences of the economic system on individual and family consumption; (4) analysis of the business system as related to consumerism; (5) relationship of national income, money, and banks to consumer practices; (6) effect of prices and stabilization procedures on the economy; (7) relationship of taxation to the monetary system; (8) banks and consumer credit services; (9) effects of advertising and protective aids on consumer practices; (10) managing and investing finances; (11) individual and family protection through insurance; (12) financing individual and family housing; and (13) financing individual and family transportation. Each concept provides information about its general purposes, objectives and learning experiences, and references. Sample instructional materials are presented in a separate (112 pages) and consist of information sheets, charts, illustrative materials, learning activities, games, forms, additional references, and other concept-related teaching aids. (EC)

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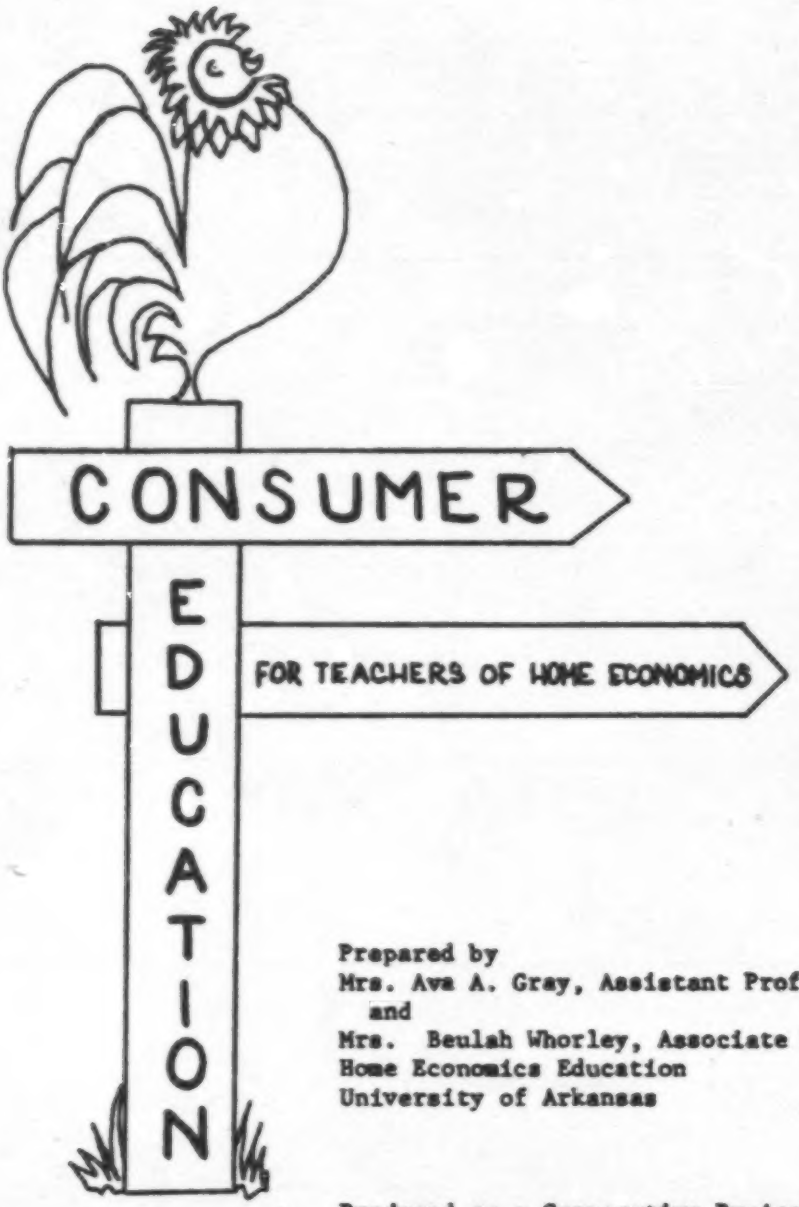

CONSUMER EDUCATION FOR TEACHERS OF HOME ECONOMICS

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Produced as a Cooperative Project

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Division of Vocational, Technical,
& Adult Education
Consumer and Homemaking Education
Little Rock, Arkansas

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FOREWORD

The United States recently reached a trillion dollar gross national product. This accomplishment which is unique in the history of mankind required 196 years. It is estimated that in less than ten years a two trillion dollar economy will be attained. These almost inconceivable figures point up the distinct need for continuously improving the teaching of consumer education.

In order to cope with the multitude of choices in the market place the student will have to make decisions to satisfy the quality of living desired. An understanding of the role of the consumer and the producer, marketing practices, new laws, and agencies which protect and assist individuals is essential for the effective use of resources.

This guide was developed under the direction of Mrs. Ava A. Gray, Assistant Professor of Home Economics Education and Mrs. Beulah Whorley, Associate Professor of Home Economics Education. A number of persons participated in the selection, development and field testing of the curriculum materials. Special acknowledgement is given to Miss Frances Rudd, State Director of Consumer and Homemaking Education, for her direction and support. Mrs. Janice Blanchard, State Supervisor of Consumer and Homemaking Education, was especially helpful in defining the concepts and generalizations used. Genuine appreciation is expressed to the following graduate students and/or teachers who assisted in the development and field testing of the guide: Patricia Aikman, Pauline Caudle, Avis B. Cotton, Georgia P. Compton, Anna Davis, Marcia Elizandro, Betty Jo Ezell, Jean Foreman, Kay Fulton, Diane Calloway, Margaret Kemp, Phyllis Kissire, Sherron Hancock, Jolene Highfill, Helen Huckabee, Martha Margrave, Yvonne Starling, Lynette Taylor, Ruth D. Walker, Earnestine Walton, Peggy Ward.

It is hoped that teachers will find this guide useful as a basis for the selection of objectives, subject matter and learning experiences for the instruction of consumer education. The materials will need to be adapted to the interests and educational levels of the students and the context expanded with information from current periodicals, newspapers, radio, television and qualified resource persons.

Fayetteville, Arkansas
August 1971

Denver B. Hutson, Head
Department of Vocational Education
University of Arkansas

ACKNOWLEDGMENT

Consumer Education has been an important part of the home economics education program in Arkansas for many years. However, with the concern for the need for informed consumers by Federal, state, and local organizations and agencies and the incorporation of consumer education as one of the major purposes of Part F, 1968 Amendments to the Vocational Education Act of 1963, there has been an effort to expand instruction in this area. Greater emphasis is being given to consumer buying at all levels of comprehensive home economics and also in family living courses.

In 1969-70, Consumer Education was added to the home economics curriculum of 75 schools as a semester course. This course, designed for boys and girls at the junior or senior level, has been rewarding to both students and teachers and has become an important part of the curriculum. A tentative guide for this semester course was developed by teacher educators in home economics education at the University of Arkansas in 1969 to be used on a trial basis.

We are pleased that this revised guide for consumer education will be available for use in schools in the 1971-72 school year and express our sincere appreciation to all who have made it possible. We are especially grateful to Dr. Denver Hutson, Head of the Department of Vocational Education, for his encouragement and cooperation; to Mrs. Ava Gray, Assistant Professor, Home Economics Education; and graduate students in home economics education at the University of Arkansas, for their resourcefulness and diligent efforts in the development of this curriculum material.

While our nation is dedicated to providing employment for its citizens, it must also be dedicated to educating people to be informed consumers. We encourage teachers to assist with this responsibility by studying this guide and adapting it to the needs of their students to enable them to be knowledgeable in achieving the maximum satisfaction and utilization of their resources.

Frances W. Rudd, Director
Home Economics Education
State Department of Education

Little Rock, Arkansas
August 1971

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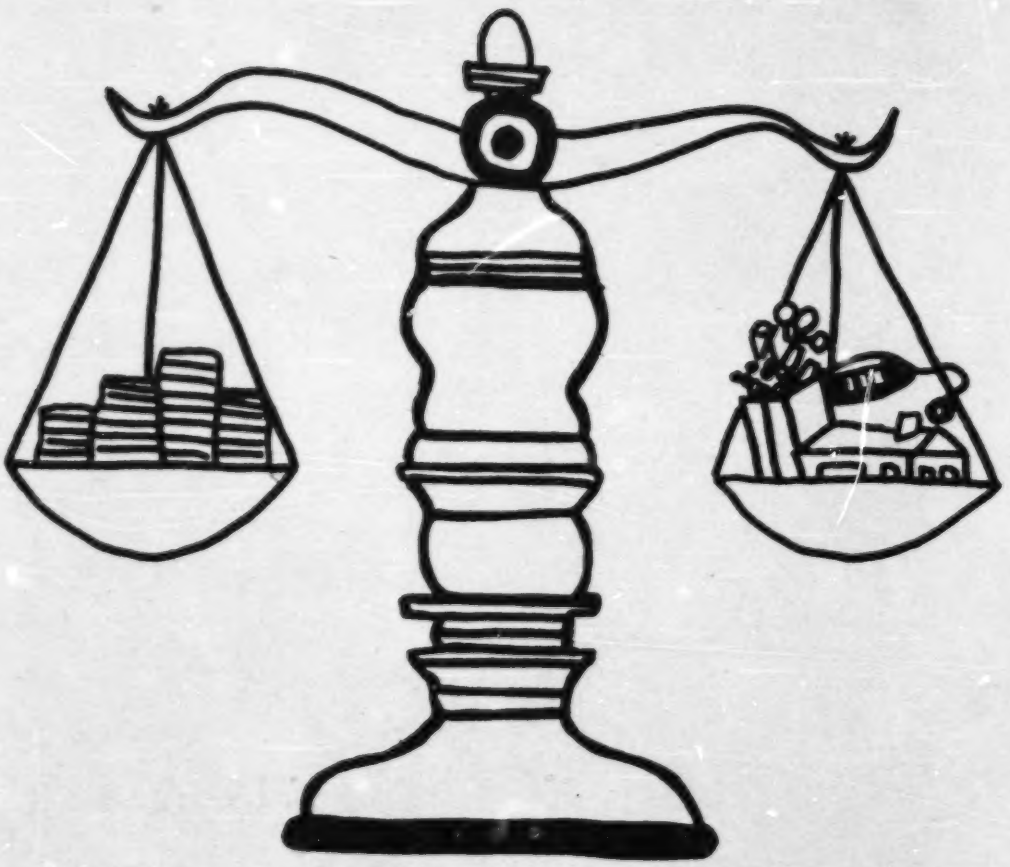
PART I

ORIENTATION TO GUIDE



INTRODUCTION

DEVELOPING CONSUMER EDUCATION PROGRAMS

Consumer education is the preparation of the individual in the skills, concepts, and understandings that are required for everyday living to achieve, within the framework of his own values and goals, maximum satisfaction and utilization of his resources.

Ideally, the educated consumer will be able to participate fully and effectively in the market-place in order to obtain maximum benefits from his resources. Major objectives include enabling the individual to develop these understandings:

1. That there are alternate choices and courses of action which are open to him.
2. That decisions are based on desires and priorities. An educated consumer will stop and think about the consequences to both himself and the economy of his ultimate action in the market-place.

The approach in a consumer education program should be positive and focus on developing an understanding of the role as a consumer in society as well as developing the ability to determine personal priorities. The understandings needed include developing an appreciation for the system of marketing, the rights and responsibilities of both consumers and producers, and an appreciation of how marketing activities affect consumers, producers, government, and the whole economy.

Essentially, there are three basic influences on consumer behavior. One is an economic consideration which is really the availability of money or credit to the particular individual. A second is psychological, which involves subjective preferences, status and prestige, peer group recommendations, taste, quality, fashion. The third consideration is sociological, wherein patterns of behavior reflect the influence of environment, family, customs and mores, and are translated into market activities. The blend of these three considerations is unique to each individual. Education of the consumer strives to help the consumer recognize that the rationale for his actions is based on the influence of these three factors. Programs of consumer education should be certain to give equal emphasis to each of the three elements.

There is a difference between consumer education and consumer information. In contrast to consumer education, consumer information deals with specifics such as size, weight, color, and use rather than value relationships. It is temporary in nature and it changes with the

changes in the market-place. To relate to a consumer that Brand "A" is better than Brand "B" for "X" number of reasons may be valid only for that particular moment or location. Unless there is some learning attached to this kind of information which the individual can apply or relate to a subsequent situation, then it cannot be classified as education. Learning that results from trial and error experience is also education when it is carried over and becomes a foundation for further understanding.

The interests of the particular group should be the guideline for the subject areas to be covered in a consumer education program. The senior citizen will be quite interested in medicare, health, food, and perhaps investment and use of leisure time. The interests and needs of a group of teenagers would be quite different from other groups in most respects even though some of the topics would overlap. The consumer education program must take into consideration not only interests of the group, but the age and ability levels, and the social framework. Some of the basic topics for consideration may include money management, budgeting, buying, advertising, food, clothing, shelter, transportation, credit, savings and investments, taxes, law, public and private agencies which assist, inform and protect consumers, and other subjects which the individual consumer must deal with on a day-to-day basis.

The techniques employed in teaching consumer education should be as practical as possible so as to enable the individual to relate the materials directly to his own problems. Discussion should relate to the everyday life around us and with a degree of sophistication which is consistent with the interest of the individual. In other words, the interest and capability of the individual are the controlling factors. The educational materials to be used reflect this philosophy, the most basic tools being the daily newspapers, periodicals, radio and television. Textbooks and similar publications should be relied upon to build a foundation and for reference purposes.

One person would find it difficult to maintain an expert rating continuously in all consumer matters. This is the reason that current materials from the newspapers, radio, and television are regularly introduced and applied whether the class is in a school, community center, in a neighborhood community action program, or for a senior citizens group. The most effective way of updating information and understandings regarding the market-place is to utilize the resources available in the community. It is much more effective for an automobile dealer to discuss buying with a group than for them to read a checklist of do's and don'ts. Having students actually fill out a loan application is more revealing to them than a discussion of the requirements for obtaining credit. Resource persons representing business, labor, government, and education are readily available in virtually every community. The contribution of these people not only brings the latest information in a given subject area, but it also exposes the individual to a variety of points of view and thus broadens his base for sound decision making.

Society needs educated consumers at all levels. Ideally, consumer education programs should start in a pre-school situation such as the Head Start Program and continue throughout formal school levels from kindergarten through university as well as into adult life. Since people are consumers all of their lives, there is a continuing need for education to improve this function. The senior citizen has his own unique needs for consumer education just as the elementary school child has his needs. In each of these categories emphasis should be given to the unique consumer education needs of the heads of households and of the underprivileged.

In developing consumer education programs for disadvantaged groups or for ethnic groups with special language problems, the teaching of the basic skills of reading, writing, and arithmetic may assume a primary role. In fact, the build-in motivation of consumer education has been known to stimulate the acquisition or improvement of these skills when the reading or arithmetic problems were formulated so that the student could easily visualize the solution as being of immediate, practical value. Obviously, it is to every person's advantage, in the market-place, as elsewhere, to develop these skills to the highest degree.

A consumer education program does not try to direct a person's values. The values held by an individual should be considered sacred and outside the realm of matters treated in a consumer education program. The objectives of a consumer education program are destroyed if one individual were to impose his values on someone else. Consumer attitudes and behavior may be altered to some degree because of education, and ultimately, values may also change. No individual should, under the guise of education, attempt to dictate for others choices which are based, in fact, on his own subjective system of values.

Consumer education is a constant need because of the constant changes in the market-place and the changing character of a person's consuming role throughout his lifetime. It follows then that schools are in the prime position to prepare persons for their consumer role just as they have assumed responsibility for preparing students for their producer roles. Adult basic and continuing education present many opportunities to prepare, as well as to update adults in their consumer roles. Business is in a particularly strategic position to help the consumer stay current with the changes in the market-place and to give basic support to all programs wherever possible. Specialized service organizations such as those for workers, the older citizen, youth, and the underprivileged, and others can assume responsibility for developing programs to meet the needs of their particular members. The essential point is that there is a universal responsibility to assist the consumer, whatever his particular needs, to perform more effectively in the market-place to the mutual benefit of the consumer, the producer, and society.

Consumer education is not considered to be anti-business. In order for it to help the consumer develop a true understanding of the workings of the market-place, the points of view of the consumer and of business must be incorporated. In the same sense that legitimate business is properly pro-business and cannot be anti-consumer without being self-defeating, so consumer education is pro-consumer but cannot be anti-business without being self-defeating. Consumer education is thus one means of helping the consumer achieve equal status and rank with the producer.

Business, in its own enlightened self-interest, must play a major role if consumer education is to be truly effective. This responsibility evolves from the basic fact that, as an expert constantly operating in the market-place the businessman is in the position of being the authority who can best enlighten the consumer who cannot be as knowledgeable as he.

A major goal of consumer and homemaking education in the secondary schools is the development and/or maintenance of stable families. The ability to make rational decisions in the area of consumer economics certainly contributes to compatible family living. Therefore, a course in consumer education in the secondary schools is an essential component of the consumer and homemaking education program.

Adapted from the "President's Committee on Consumer Interests", Washington, D.C. 20506

ORGANIZATION AND USE OF THE GUIDE

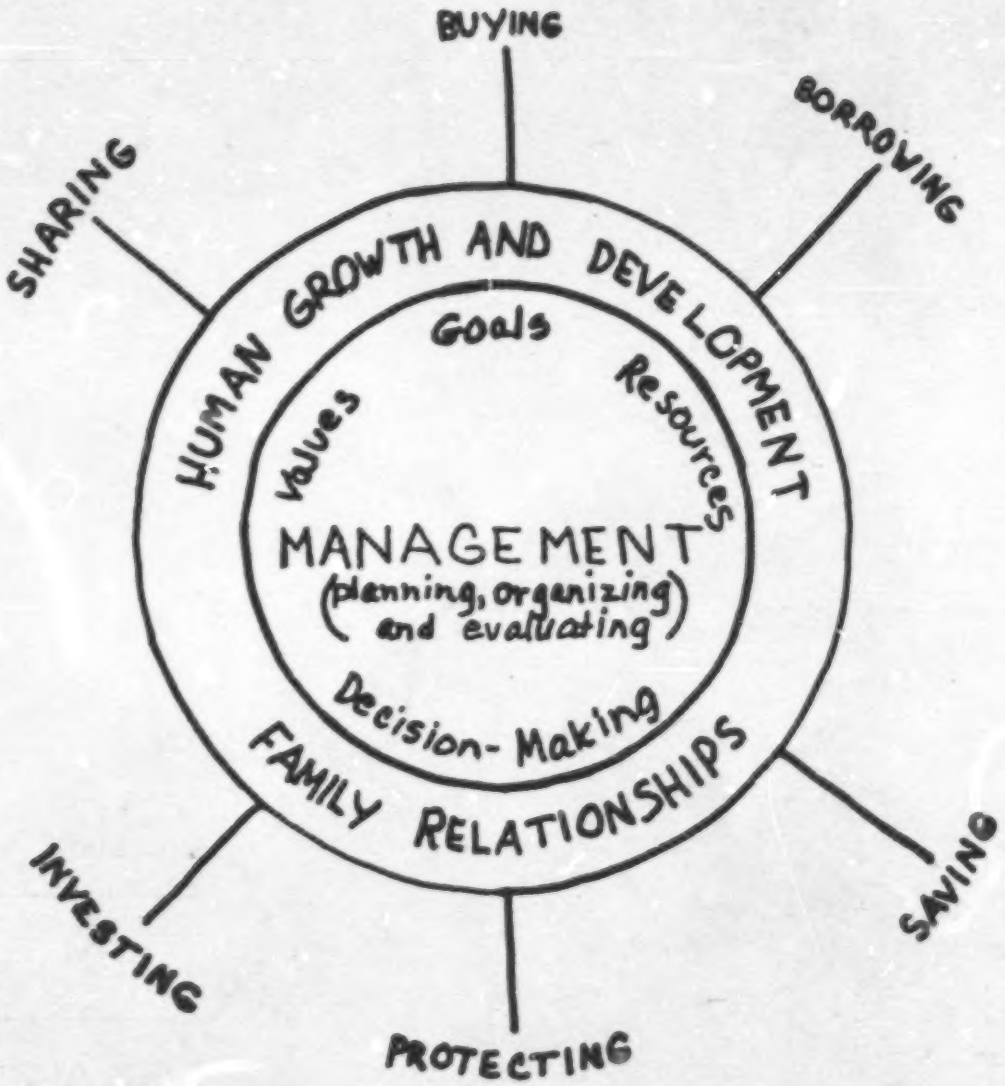
The curriculum materials in this guide are designed for a one-semester course in consumer education for both boys and girls in secondary schools. However the materials may also serve as background information for teaching adults.

The major emphasis is given to the role of decision making, the operation of the American economic system and the process of management. Little emphasis is included in the area of buymanship since this kind of information rapidly becomes obsolete in our present day society. Curriculum materials for teaching consumer education in household equipment and furnishings, foods, and clothing are included in the Arkansas guides for teaching these specific areas of instruction. For this reason they are omitted in this bulletin. It is suggested that if students wish to pursue some study in one or more of these areas that they do individual or committee work independently and share summaries of information with the total class when feasible.

The format used in Part II includes major concepts, supporting generalizations, behavioral objectives, learning experiences and student references. Part III contains suggested teaching-learning materials. Among these are patterns for transparencies, bulletin boards, charts, questionnaires, check sheets and a selected bibliography.

It is not expected that the teacher use all of the suggested learning experiences or all of the supplementary materials as given. Instead, it is hoped they will be adapted, expanded, supplemented and/or deleted as necessary to meet the needs, interests and abilities of the students.

UNITS OF INSTRUCTION



CURRICULUM MATERIAL FOR A SEMESTER COURSE IN CONSUMER EDUCATION

(Maturity Level: Middle Adolescence, Late Adolescence, and Adulthood)

Concept 1: The Process of Decision Making in Relation to Consumer Behavior

Generalizations:

1. A study of consumer education is concerned with the way individuals and families fulfill their desires for essential and nonessential goods and services.
2. The choices that individuals and families make, consciously and unconsciously determine to a large extent the character of their decisions.
3. The major factors which influence decisions directly or indirectly are income, custom, accessibility, fashion, advertising, imitation, habits and status.
4. The key to decision making is the ability to evaluate alternate important goals.
5. When managerial decision making is conceptionalized as central and satellite choices, students can see that central choices often determine the quality and nature of satellite choices.
6. An investigation of surface reasons for wanting certain things may uncover the real reasons thus enabling consumers to make more intelligent decisions.
7. Intelligent consumer buying may raise ones standard of living just as impulse or unplanned buying may lower it.
8. Buying decisions are affected by objective and subjective factors; buying involves attitudes, feelings and values.

Objectives	Learning Experiences
Explain the purposes of studying consumer education.	Teacher uses an opinion poll to identify students' knowledge and attitudes related to consumer economics. (See Part III, "Your Opinion, Please".)
	Teacher explains that the purposes of studying consumer education are to develop understandings and skills in the use of resources to fulfill desires for essential and nonessential goods and services.
	Teacher defines essential items as those necessary for life such as food, clothing, shelter, medicines and nonessential items as cosmetics, snack-foods, stylish clothes.

Students recall the last three purchases they have made.

Teacher writes items on board.
From list, students decide which are essential and nonessential goods and services.

Differentiate between desires and needs.

Teacher defines desires as strong feelings that impel one to attain possession of something, and needs as demands for goods and services which are essential to life.

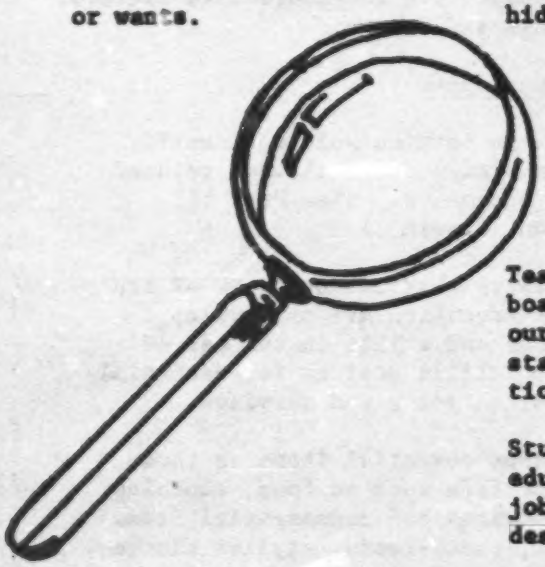
Teacher leads discussion on desires and needs.
Students consider the following examples:

1. Some parents go into debt in order to send a son or daughter to college.
2. Some families go without appropriate clothing so that their child is the best dressed student at school.
3. Some families save a lifetime in order to travel.
4. Some families economize through the week with food so that they may enjoy extravagant meals for guests on weekends.
5. Others.

Examine possible hidden reasons for some of our desires or wants.

Students prepare a list of five items that they presently desire. Discuss reasons for various "wants" listed. Consider possible hidden motives:

1. Self-expression
2. Personal recognition
3. Social approval
4. Self-esteem
5. Self-adornment
6. Attraction of opposite sex
7. Others



Teacher and students make a list on the board of the major factors which may influence our desires--heritage, environment, social standing, nationality, age, level of education.

Students discuss future desires--college education, marriage, family, automobile, job, home. Classify the reasons for these desires.

Conclude that our desires or wants are affected by many valid factors of which we may not be aware. Our explanations for purchases may include only surface reasons for our wants.

Verify that choices determine to a large extent the character of individuals' and of families' lives.

Teacher uses display of pictures to show choices that may influence the individuals' or the families' lives--car, home, education, vacations, marriage, children, clothing, jobs.

Students list choices from display in order of importance to their families.

Teacher reads case studies which portray contrasting styles of living. (See Part III.)

Conclude that the choices individuals and families make determine to a large extent the style of their lives.

Interpret major factors which influence decisions directly or indirectly.

Committees of students prepare short statements explaining how the following factors influence decisions: income, customs, accessibility, fashion, advertising, imitation, habits, and status.

Teacher collect papers and re-distribute so that each committee will read aloud another committee's paper.

Define decision making.

Teacher defines decision making as the ability to evaluate alternate courses of action in terms of likely consequences.

Students analyze steps involved in making choices in above display:

1. Recognizing the problem.
2. Seeking alternate solutions.
3. Weighing the alternatives.
4. Making a choice.
5. Evaluating the choice in light of future spending.

Teacher discusses with students how first choices influence future choices. Include education, occupation, marital status, purchase of home, and size of family.

Identify factors involved in decision making.	**Students identify some factors involved in decision making.** **Include:** 1. Decisions are interrelated. 2. Making a choice may involve risks. 3. Decisions cause change. 4. Decisions require commitment. 5. Decisions involve cost. **Students relate past experiences that could now serve as a guide for making decisions.** **Students consider if there are ever good reasons for making the following decisions:** 1. Purchase of high style clothing 2. Spending all allowance on one item 3. Buying clothing for one particular event 4. Spending allowance for novel hair setting equipment 5. Spending money needed for school supplies for recreation 6. Saving some of allowance over period of time to buy better quality school clothes 7. Spur of the moment purchase of essential items of clothing 8. Using comparison shopping regularly
Interpret managerial decision making.	**Teacher defines relationship of major and minor choices. Major decisions have far-reaching effects because they place limits on future choices by establishing precedents which are difficult to change. Minor decisions are dependent upon and related to the major choices.** **Teacher uses the following examples to illustrate managerial decision making:** 1. In constructing a garment, sewing skills may determine the pattern that can be selected; the pattern often determines the kind of fabric that can be used; the fabric may limit the construction techniques used; construction techniques affect time and effort to be expended; time and effort help determine the quality of the garment.

2. The occupational decision of the head of the household may determine the amount of money the family will have to spend, the location of the family dwelling, the choice and chance for friends, the possibility for children's education, etc.

Teacher leads students to cite other examples of major choices which may generate a chain reaction in decision making.

1. Marriage partner
2. Housing site
3. Major household equipment
4. College after marriage
5. Other

Students conclude that after the initial decision is made subsequent decisions are directly dependent upon the preceding one; this is a characteristic of the process of managerial decision making.

Interpret that intelligent consumer buying may raise ones standard of living and impulse buying may lower it.

Teacher reads case studies which illustrate buying practices which may either raise or lower the family's standard of living. (See Part III.)

Students prepare a list of buying principles they think might assist in raising the standard of living for a family. Include the following:

1. Making an overall plan for spending of family income.
2. Including a plan for savings in overall spending plan.
3. Balancing spending with income.
4. All members of family sharing in major financial decisions.
5. Buying only one major item at a time on credit.
6. Purchasing items seasonally when they are least expensive.
7. Comparative shopping for credit as well as for items.
8. Reading labels and evaluating upkeep of articles before purchasing.
9. Using market list and by-passing non-essential items.
10. Others.

After discussion of each item attach a leaf to bulletin board "A Wise Shopper, One Whoooo". (See Part III.)

Teacher uses list of buying rules from bulletin board to help students discover those buying practices that may lower the standard of living.

Examples:

1. Misuse of credit
2. Impulse buying
3. Poor shopping skills
4. Shopping without a list
5. Frequent shopping trips
6. Last minute shopping
7. Bargain fever
8. Others

Categorise objective and subjective factors that influence buying decisions.

Teacher identifies subjective factors that influence buying as attitudes, values, goals, and feelings.

Teacher explains that some of the objective factors that influence buying are time, money, and present economic situation.

Teacher points out that objective decision making involves rational choices and that purchases made as a result of these decisions can be explained logically as a fulfillment of human needs.

Teacher explains that subjective choices involve factors that may not be completely known or understood by the purchaser (hidden motives). The subjective factors largely result in unplanned buying or impulse buying.

Students consider that unplanned buying at times results in rational choices.

Students recall instances which illustrate that impulse buying may be the following through of a formerly planned action.

Examples:

Alice was shopping for a pair of much needed loafers when she noticed a new shipment of expensive, fashionable scarves displayed. She had tried earlier to find a scarf in a novel shade of blue and there it was. If she purchased the lovely scarf she could not afford the shoes. What to do?

Students discuss solutions to Alice's problem.

Teacher reads a possible decision and explanation. The scarf would add the finishing touch to at least two outfits. She could have her presently owned shoes repaired and purchase new ones out of next month's allowance. Alice's real reason for purchasing the scarf may have been to satisfy inner needs. A scarf would give her a feeling of greater confidence by being smartly dressed.

Students consider that impulse buying may meet social-psychological needs and are often the result of an earlier analysis of desires.

Students conclude that all buying decisions involve objective and subjective factors and that wise consumers usually place more confidence in rational choices, which are based on objective factors.

Teacher leads students to summarize the process of decision making. (See Part III, flannel board, "Decisions: Decisions!".)

1. The consumer has infinite desires with limited resources.
2. He makes decisions through use of intelligence, instinct, emotion or habit.
3. Decisions are in line with plans perceived as appropriate from standpoint of individuals' experiences.
4. Result yields satisfaction or non-satisfaction of a desire.
5. Result may involve commitments affecting future spending.

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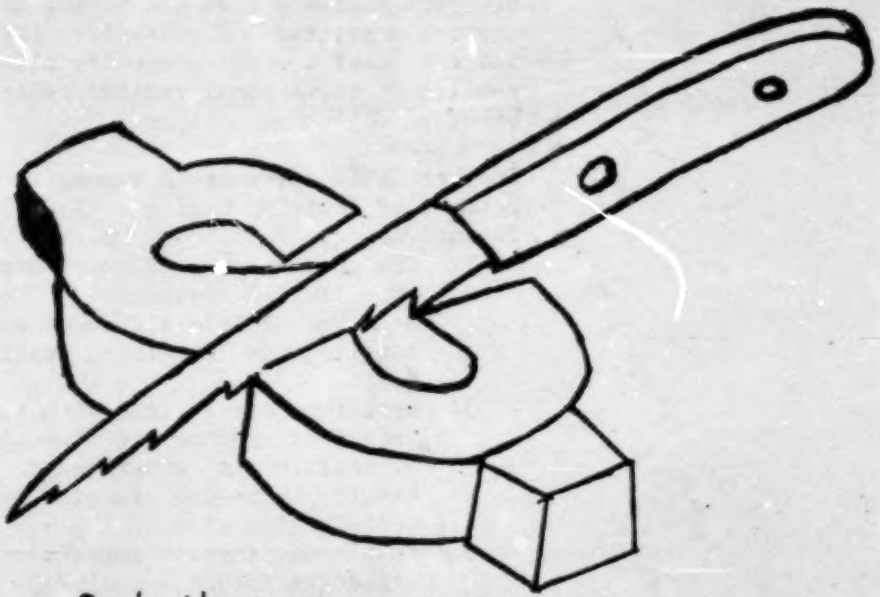


Concept 2: The Relationship of Values and Goals to Economic Competence

Generalizations:

1. Every human being has a value system which is unique and serves to make his life meaningful and complete.
2. Values are convictions shared by people of a given culture and are enforced by laws, customs and practices.
3. Early values come from the family circle and close relationships of childhood.
4. A maturing individual develops a value system by comparing, selecting and rejecting those he knows and has learned.
5. A great testing and critical evaluation of family values occurs during the teenage years and again during early adulthood.
6. Values can be moral, social, aesthetic, economic, cultural and must be open to review in order to serve man in the time in which he is living.
7. The active, alert individual is constantly exploring, analyzing, modifying, and enlarging his values as he encounters new ideas, experiences and interacts with others.
8. A hierarchy of values exists in every situation in which there is an alternative.
9. Goals are specific aims and objectives that grow out of values and determine all choices made in every aspect of living including the way income is earned and used.
10. The first step toward economic competence is recognizing and understanding the personal values that reflect and direct an individual's goals.

Objectives	Learning Experiences
Define values, value systems and goals.	Teacher introduces unit with bulletin board, "You Are What You Value". Use progressive disclosure method to summarize each idea throughout the unit. Teacher uses word-association technique for students' reaction to terms commonly applied to economics. Include the following: values, goals, budget, thrift, needs, desires, price, money, stingy, consumer responsibility, contract, installment buying, savings, insurance, salesmanship, economy, security, cash, spendthrift, investment

services
guarantee
quality
resources
payment
credit
interest
management
loan
recession
impulse buying
advertising
durable goods
inflation
social security
credit rating
stock market
debt
surplus
affluence

Teacher asks students at random for reaction to a few of the terms.

Teacher explains that these terms will be defined and analyzed in the course.

Students scan text books and dictionary for definitions of values, value systems and goals.

Teacher reads case studies which portray values held by different families.

Students identify and compare the values presented.

Rank a list of commonly held values.

From a mimeographed list of thirty-two values each individual student chooses ten and ranks them in order of importance.
Suggested list of values:

religion
education
honesty
change
conformity
grades
equality
freedom
leisure
children
loyalty
initiative
obedience
practicality
economy
extravagance
maturity
chastity
dignity and worth of each individual
financial success
individual liberty
saving for the future
faithfulness in marriage
family stability
individuality
respect for authority
democracy
beauty
tradition
health
social prestige
personal appearance

Committee of students examine papers and determine values most often listed and rank them.

Expand the viewpoint that a hierarchy of values exists when there are alternatives.	Teacher explains that any system of persons or things in a graded order creates a hierarchy. Students consider that some of their values take precedence over others, thus establishing a hierarchy of values.
Classify values into categories.	From the same mimeographed list of values students classify those which fit into the following categories: Moral, Social, Aesthetic, Economic, and Cultural. Students examine and evaluate bulletin board, "The Melodic Strains of Quality Living." (See Part III.)
Discern the origin of individual values.	Teacher uses flip chart to illustrate the origin of values. Students conclude that their values have developed through their interaction with the environment by using the personal process of trial and error.
Expand the viewpoint that a maturing individual develops a system of values.	Students write a paper comparing their basic desires at ages six, twelve and present age. Include in list - education, occupation, parenthood, marriage, avocation, friendships, social ambitions, economic security, and other basic desires. Each student examines the similarity and differences of his basic desires at each level of development. Teacher points out that each of us is constantly developing a value system through exploring, analyzing, modifying and enlarging our values.

Students write skits to portray situations in which teenagers' and adults' values are in conflict.
Include the following: drugs, freedom, movies, communication, religion, war, clothing, sex, music. Select similarities and differences of values held by teenagers and adults.

Explore reasons that teenagers and young adults adopt values different from their families and other adults.

Students discuss possible reasons for selecting and adopting values which differ from their parents.

Conclude that self-identification, social standing, peer approval, rejection of parents, individual expression, current era of life, and other factors contribute to teenagers' and young adults' choice of values which differ from parents.

Illustrate that goals and objectives grow out of values and determine the way income is earned and used.

Students define goals: Aim or end to which effort is directed.

Students discuss differences between long term and short term goals.

To illustrate the use of a short term goal students budget an allowance of $5.00 a week for a one month period to buy weekly items and one item priced $9.00.

Teacher explains that long term goals involve expenditures for large items such as a college education, house, vacation, automobile.

Students analyze occupations to discern those which grow out of desire to serve society. Include education, law, medicine, ministry, science, research, Vista, Peace Corps, public service.

Students discuss how any job well done is a service to society.
Examples: waitress, salesperson, industrial workers, maintenance and repairman, child care workers and others.

Further interpret the first step toward economic competence.

Teacher reads story of Sea Horse. (See Part III.)

Class discuss importance of understanding their basic values and goals which determine direction of life.

Students pretend to see their future in a crystal ball and determine their aspirations for major accomplishments in relation to present goals.

Teacher again uses bulletin board, "You Are What You Value" to summarize.

References:

1. Britton, Virginia, Personal Finance, "Attitudes Toward Money", American Book Company, 1968, pp. 55-58.

2. Fleck, Henrietta, Louise Fernandez, and Elizabeth Munves, Living with Your Family, Prentice Hall, Inc., Englewood Cliff, N.J., 1960, Chapter 29.

3. Landis, Judson, and Mary Landis, Personal Adjustment, Marriage & Family Living, Prentice Hall, Inc., Englewood Cliff, N.J., 1960, p. 306.

4. Riker, Audrey Palm, Holly Brisbane, and Charles Riker, Married Life, Charles Bennett Co., Peoria, Illinois, 1970, Chapter 12.

5. "Values," Penney's Forum: Fall-Winter, 1968, p. 3, 6, 8.

Concept 3: Influences of the American Economic System on Individual and Family Consumption

Generalizations:

1. The foundation of the American economic system is based on the civil liberties and political freedoms of citizens in a democracy.
2. In any society the economic goals are for an ever improving standard of living for individuals through the production, distribution, and consumption of goods and services.
3. Choices between articles or services on the basis of their quality and/or prices influence or determine the nature and prices of goods and services available in the future.
4. Management, labor, and government contribute to economic activity which results in the creation of economic goods and services and the provision of opportunities for man to earn a reasonable income for use in acquiring goods and services.
5. The American free enterprise system is encouraged by competition to produce goods and services through the operation of the law of supply and demand with the exception of government regulations in some areas.

Objectives

Interpret the economic freedoms and citizenship responsibilities in a free enterprise.

Learning Experiences

Students discuss responsibilities a citizen may recognize in connection with the enjoyment of his rights.

Analyze a chart, "Rights in a Free Enterprise".

1. Right to personal privacy.
2. Right to voice our opinions, points of view, and beliefs in conversation, in the press, or in public lecture.
3. Right to disagree with another person privately and publically.
4. Right to own property—land, houses, automobiles, clothes, books, stereo set.
5. Right to worship as we choose, or not to worship at all, if we so choose.
6. Right to trial by an impartial jury and a fair judge if accused of a misdemeanor or a crime.
7. Right to read, study, and learn whatever we wish; right to grow and advance.
8. Right to do as we wish as long as it does not infringe upon the rights of other persons.

9. Right to participate in government through voting.
10. Right to select one public official and reject or remove another.

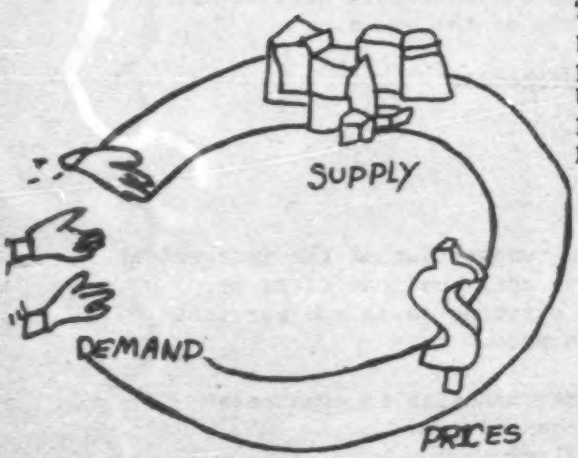
Students build a panel discussion around the general idea of the economic responsibility of an individual living in a free economy as contrasted with that of an individual in a totalitarian economy.

Interprut some of the principles of economics.

Teacher explains that the purpose of an economy is to produce goods and services with the following aspects:

1. Sufficient in quantity
2. High in quality
3. Reasonable in price
4. Others

Teacher explains the need for understanding the meanings of terms used in the study of consumer education.



Teacher designs a bulletin board for display of terms to be completed as the class progresses.
Use caption, "Economic Literacy - A Smooth Route to Buying." (See Part III.)
Examples of terms:

1. Economics--Man's use of physical and mental efforts to supply needs and desires for material goods and services.
2. Free goods--Available to the degree that there is no cost.
3. Scarcity--Under or limited supply.
4. Surplus--Over supply.
5. Economic Vote--Choices of goods and services.
6. Capital goods--Those used to produce more goods.
7. Consumer goods--Those goods that have value for consumers.
8. Others.

Students further distinguish between capital goods and consumer goods by giving examples:

1. An electric drill in the home is a consumer good.
   An electric drill in a factory is a capital good.

2. An oven in the home is a consumer good. An oven in the bakery is a capital good.
3. Others.

Assignment: Students read periodicals to determine how the nationwide economic vote influences the nature and the prices of the goods and services offered to consumers.

Teacher cites instances when the economic vote has not affected consumer products available:

1. Present need for more sturdy bumpers on cars.
2. Built-in obsolescence in major appliances.
3. Others.

Illustrate that goods and services available in the future are dependent upon choices between articles, and services on the basis of their quality and/or prices that the consumer is willing to pay.

Discuss the meaning of economic voting. List on board items which consumers have refused to purchase, therefore contributing to the short life of the items.
Examples:

1. Edsel automobile
2. Maxi coat
3. Others

Interpret role of competition in business.

Teacher defines competition as the independent action of two or more business firms or individuals in offering goods and services to attract consumers.

Students consider benefits to consumers from business competition.
Include the following:

1. Lower prices
2. Improved products
3. New products
4. More attractively packaged products

Students consider that almost all goods and services in the present market are priced according to the supply and demand.

Distinguish between income and wealth.

Students analyze their present wealth.
Complete two lists under the headings:

1. Total amount of income for last year.

Examples:
a. Allowance
b. Pay for work

2. Complete list of personal possessions and original money values.
Examples:
a. Clothing
b. Musical instruments and records
c. Bicycles, motor-scooters
d. Radios, tape-recorders
e. Basketballs and goals
f. Games

Consider other ways that a teenager may increase his income.
Examples:
1. Baby sitting
2. Tending lawns
3. Paper routes
4. Sewing for self and others
5. Others

Conclude that the wealth of an individual is the total value of the things owned at a particular time and that to increase wealth an individual must increase income through greater effort.

Analyze the essential factors of a free-enterprise system.

Teacher points out that a free enterprise system includes the following factors:
1. Privately owned property
2. Free markets
3. Profit motivation
4. Competition

Students set up a list of economic freedoms of citizens under a free enterprise system.
1. Right to change one's income.
2. Right to make a profit.
3. Right to choose our vocation or profession by which we earn a living and to pursue our ambitions in accordance with our abilities.
4. Right to change one's vocation and right to change jobs.
5. Right to engage in business for ourselves.
6. Right to spend savings and earnings as we choose.
7. Right to offer our products or services at any price we may name; to

reject or accept prices on products and services we want to buy.

8. Right to use our properties to increase themselves or to produce income.
9. Right to select and buy what will best satisfy our needs.
10. Right to compete in prices and in quality of product or service.

Students distinguish between privately and publicly owned property.

Students describe a free-market system. Include the following:

1. No person or government agency makes arbitrary decisions as to consumer needs.
2. Decisions are made by individual consumers, workers, and owner-managers as to what needs for goods and services shall be satisfied, who shall produce such specific products, and who shall be employed in certain businesses.
3. The result gives free markets that are self-regulated and self-controlled.

Students consider some incentives to earn a living.

Examples:

1. To stand on one's own two feet economically.
2. To attain the standard of living one desires.
3. To gain satisfaction from a sense of accomplishment.
4. To assist fellow man by making a product or giving a service needed.

Teacher cites that another incentive to work is the opportunity to accumulate savings to invest for a profit.

Students consider ways money may be invested.

1. Deposit in bank or savings and loan company to earn interest.
2. Invest in business enterprise.
3. Invest in real estate.
4. Invest in stocks and bonds.

Students consider the importance of profit motive in business enterprise.

1. Few businesses would be started if it were not for profit motive.
2. Development of new products and improvement of old products in expectancy of making a profit.
3. New ideas for improvements in consumer goods and services are stimulated in the hope of obtaining profit.
4. Profits are used to expand business enterprises thereby creating more jobs for more people.

Conclude that the business owner must produce a profit and at the same time give consumers products and services that rate favorably with those produced by other firms.

Analyze decision making involved in business enterprise.

Consider that a business enterprise sets up goals for operation just as a family manages its income in relation to its goals.
Possible goals:

1. Profit to meet competition.
2. Expansion to make more profit.
3. Improvement in goods and services.
4. Adaptation of better practices and processes for more efficient operation.

References:

1. Batten, William M., "Business Responsibility to the Consumer", Penney's Forum, pp. 18 & 19.

2. Economics and the Consumer, Joint Council on Economic Education.

3. Trenton, Rudolph W., Basic Economics, Part 1, Appleton-Century-Crofts, New York, 1964, pp. 3-54.

4. Troelstrup, Arch W., The Consumer in American Society: Personal and Family Finance, Fourth Edition, McGraw-Hill Book Company, 1970, Chapter 1.

5. Wilson, W. Harmon and Elvis S. Eyster, Consumer Economics Problems, South-Western Publishing Co., Cincinnati, Ohio, 1966, Chapters 1, 2, 3, & 4.

Concept 4: An Analysis of the American Business System as Related to Consumerism

Generalizations:

1. An understanding of the objectives and motives of the American business system is essential if the benefits occurring from it are to be preserved.
2. Efficiency inherent in mass production and specialization in production of goods and services through use of improved tools and processes raise the quality and quantity of consumption.
3. Government regulations and controls are provided to aid farmers in production because food is essential and conditions which affect crops are unpredictable.
4. The marketing process consists of most of the activities that occur in making tangible goods available to the consumer. Marketing involves assembling and buying, storing, grading, and standardizing, selling, merchandising, transporting and communicating, financing and risk taking.
5. The success of the free-enterprise system is highly dependent upon the maintenance of working relations between labor and management.
6. Lack of education, more complicated jobs, greater use of machinery, discrimination in hiring practices contribute to under employment and unemployment.
7. Better education, vocational training and the creation of job opportunities are major ways that government and business are attempting to solve underemployment and unemployment.
8. National economic growth results from such factors as the saving and investing of a portion of the current income of individuals.
9. Maximum use of individual's abilities through a plan, and efficient production and distribution enables families to increase their level of living.
10. The strength of the American system of business lies in the diversity of kinds of business enterprises.
11. Government regulations and taxes applied to business and agriculture affect the price of consumer goods.
12. International trade is essential to the United States economy from the standpoint of full employment and prosperity and in achieving and maintaining stable relations with the nations of the world.
13. Every nation that exports its goods and services to other countries or imports products and services has an opportunity to increase its chances to make a profit and thus increase employment possibilities.

Objectives	Learning Experiences
Identify the benefits derived from business organizations.	Students develop flip chart on The Functions of Business.

Include:

1. Makes material useful
2. Performs complex tasks for consumers
3. Raises level of living
4. Develops new products
5. Creates jobs
6. Provides tools and equipment for production
7. Assists in paying the cost of government
8. Provides organized markets

Interpret the elements involved in production.

Students define the following terms:

1. Labor is manpower which includes physical effort, mental effort, and use of technical skills.
2. Natural resources are materials supplied by nature (oil, minerals, land, trees and others).
3. Capital refers to any form of wealth employed or capable of being employed in the production of more wealth.
4. Management involves the development of ideas for production, planning, and operating the business, establishing policies and making decisions.

Discuss role of government in business operation.
Include the following:

1. Development of standards
2. Unfair competition
3. Favorable conditions for foreign trade
4. Control of hours and wages of work
5. Control of prices
6. Assist in financing business
7. Control of employee-employer rights

Analyze some of the principles of production necessary for efficiency.

Students determine how efficiency is brought about in business:

1. Mass production
2. Modern machines
3. Skills of workman
4. Specialization

Students compare the advantages and disadvantages of specialization.
Advantages of specialization:

1. Increases production

2. Encourages development of greater skills
3. Saves time
4. Lowers production cost
5. Provides employment for persons with limited abilities (handicapped).
6. Develops spirit of interdependence

Disadvantages of specialization:

1. Workers become dependent upon one another
2. Work may become monotonous and deadening to the worker
3. Worker may not take as much pride in his workmanship
4. Because a worker becomes efficient, he may not have opportunity to change to a more desirable job
5. If a worker loses his job he may have difficulty in securing the same type of job

Students review the developmental stages of production.
Include the following stages:

1. Man produced goods with his own hands and power
2. Man used tools
3. Man used tools and animals which supplied part of the power
4. Man used machines powered by wind and water
5. Man used machines powered by electricity
6. Future development

Committees choose specific consumer products to trace the development of efficiency in production.
Examples may include:

1. Automobile
2. Telephone
3. Television
4. Refrigerator
5. Airplane
6. Washing machine
7. Ready to wear clothing
8. Air conditioning units

Students analyze the results of increased production.

1. Many new products
2. Workers have leisure time
3. Increase in daily wage

Panel of students discuss the role of education in relation to automation. Consider that future jobs will require higher levels of education for entry into the labor force.

Interpret special problems in farm production.

Teacher presents special problems common to farm production for student discussion.

1. Natural hazards (pests, diseases, tornadoes and other weather conditions)
2. Soils and climate conditions
3. Regulations on farm production (soil banks, specified acreage, parity price and others)
4. Competition with foreign trade

Summarize the relationship of efficient production to quality of consumer goods and services.

Conclude that technology and automation which are instruments of mass production and specialization improve the quantity and quality of consumer goods and services, thus raising the standard of living.

Verify the functions of the marketing and merchandizing processes.

Students form into committees to study the marketing process of consumer goods. Committee traces the procedures necessary before the consumption of the following:

1. Loaf of bread
2. A box of rice
3. A can of spinach

List on board the processing and marketing functions involved in handling the above products.

Conclude that the marketing process involves assembling and buying, storing, grading and standardizing, merchandizing, transporting and communicating, financing and risk taking.

Relate to class personal experiences in retailing. Consider that the merchandizing process is necessary for products to reach the consumer.

Students analyze bulletin board, "The Multitude of Food Markets." (See Part III.)

Teacher presents chart, "Major Channels of Marketing". (See Part III.)

A few students interview managers of local markets to ascertain the various functions of different markets and report to class. Include:

1. Retail
2. Commission
3. Auction
4. Organized market (exchange)
5. Wholesale
6. Discount (store)

A committee of students plan a debate. Resolve: The cost of distribution is too expensive for the functions performed.

Analyze terms related to labor and the labor movement.

Students choose terms related to labor research to find definitions and important aspects. Present material to class with mimeographed sheets for further study. (Assignment: students compile information for mimeographed sheets which may be distributed to class members).
Include the following terms:

1. Collective bargaining
2. Union security
3. Restriction of output
4. Featherbedding
5. Cooling-off period
6. Crafts unions
7. Industrial unions
8. Teamsters union
9. Taft-Hartly Act and other laws affecting labor
10. A.F.L.-C.I.O.
11. Open shop
12. Strikes (kinds)
13. Picketing
14. Arbitration
15. Mediator
16. Sabotage
17. Boycotts
18. Walkouts
19. Closed shop

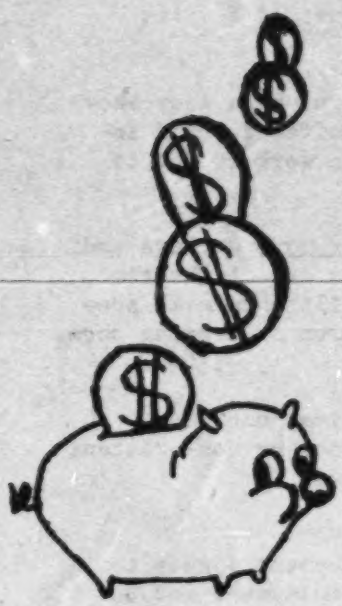
Investigate labor and management relations.

Students consider the pros and cons of collective bargaining and labor and management contracts.

From newspapers supplied by teacher, students locate articles dealing with recent labor and management difficulties.

Recognize the monetary contribution to family income from working wives.

Students study transparencies and/or handout sheets from the United States Department of Labor. (See Part III.)



Consider that laws which protect women in the labor force become more important as the percent of women workers increases. View transparencies, "Hours and Salaries of All Females" and "Gainful Workers". (See Part III.)

Teacher assigns the article, "Changing Sex Roles and the Quality of Contemporary Society", Forum Magazine, Fall-Winter, 1970, J.C. Penneys Co. Inc.
Students consider the following ideas:

1. Equal work and equal pay
2. Equal access to education
3. Right to legal inexpensive abortion
4. High quality and inexpensive child care
5. Keeper of morals - a shared responsibility of both sexes
6. Others

Conclude that the liberation movement may have a deep and lasting effect on women's rights, roles of family members, child guidance practices, and social and economic growth and change.

Analyze the decrease in the workday and workweek.

Students list several arguments that leaders of organized labor use to justify a gradual decrease in workday and workweek.

1. The rapidly increasing productivity of industry makes possible the production of more goods with less work than formerly possible.
2. Workers should have more time for cultural improvements.
3. Increased leisure stimulates the demand for more and different goods.
4. Problems of the democratic way of life require workers to have time to study public problems and to participate intelligently in political efforts to solve these problems.

5. A reduction in the work period would result in an improvement in the health of the working population.

Identify the value of fringe benefits.

Teacher selects a business firm in the community that offers fringe benefits to its employees. The owner, manager, or personnel director of that firm explains to the class the kinds of benefits provided for its employees.

Students write a report in which they show how the fringe benefits offered would influence their decision to work or not to work for the firm.

Students interview two or more workers and find out why most workers are at the time uncertain about their ability to make progress in their jobs or even of keeping them.
Examples:

1. Wages too low
2. Labor union practices unclear
3. Fringe benefits poor or non-existent
4. Contracting economy
5. Others

Determine reasons for full employment, underemployment, and unemployment.

Invite speaker from employment agency to speak to class on "How employment and unemployment affect productivity and level of living".

Students discuss solutions to underemployment. From a collection of recent newspaper and magazine articles, students compile current practices that business and government are using to increase and maintain a high level of employment.

Students consider reasons for underemployment.

Students review the relationship of technology to employment.

Students study training programs in community which are designed to eliminate unemployment.

Analyze the relation of capital to the creation of jobs.

Students consider that capital is necessary in the creation of jobs.
Example:

1. An average amount of new capital required to create one new job in industry is about $20,000.

Students consider that the money to create capital comes from savings:
1. Individual investors
2. Corporate earnings

Students discuss the influence of taxes on savings and new capital:
1. Taxes reduce spendable income
2. Taxes reduce ability of individuals to save
3. Taxes reduce the ability to buy capital goods
4. Taxes shift individual spending to government spending

Determine how economic growth is measured.

Students analyze the meaning of the term, gross national product - the current total market value of all final goods and services produced in the nation in a year.

Students consider that an increase in per capital income (amount per person) indicates economic growth and a decrease indicates an economic recessionary period.

Students view diagram which protrays the results of population increase on the increase of the gross national product.

Students consider the cost of economic growth.
1. Sacrifice of leisure
2. Curtailment of consumption for saving and investing

Students define the term level of living.

Students examine ways that the level of living may be expanded.
1. Increase in individual productivity
   a. Educated and skillful employees
   b. Use of modern machinery, modern power and modern science
2. No artificial restriction of production except to avoid overproduction
3. Greater efficiency in use of all

resources--labor, land and machines--to yield higher production of goods and services

Students analyze charts which show the purchasing power of the family and government dollar. Consider how rising prices and the value of the dollar affect the real income of individuals.

Conclude that the primary economic goals are to maintain a rising standard of living through full employment and a reasonable rate of growth.

Explain characteristics of business organizations.

Students view charts which present characteristics of sole proprietorship, partnership, corporation and cooperative. (See Part III.)

Identify kinds of business (local) organizations.

Students list kinds of business enterprises in local area. Make arrangements to interview owners or managers of a variety of business enterprises. From interviews determine the objectives of several businesses.

Students define the terms franchise and monopoly.

1. A franchise gives the privilege or right to operate a business.
2. A monopoly exists in business when there is no competition.

Students recall that public utilities are examples of monopolies.

Students list public utilities in community such as those providing water, gas, electricity, transportation, and telephone service. Find out and report whether they are owned by individuals, partnerships, coporations, or the community, city, or any other public authority.

Interpret the growth and nature of governments role in our economic system.

Students consider government controls for business and agriculture that influence consumer prices and taxes.
Examples:

1. Government regulates prices of certain agricultural commodities by buying and storing surplus to keep prices at a level satisfactory to the producer. This is called a subsidy.

2. Direct payments to farmers for reduction of acres alloted to wheat, cotton, soy beans and other crops.
3. Governmental controls for business are designed to protect consumers from dishonest business practices, to prevent monopolies that control prices and supply, fraud through false and deceptive advertising, unsatisfactory working conditions, fraud in selling securities and many other undesirable practices.

Examine the relation of imports and exports to consumer prices.

Determine how national goals may affect business decisions and the overall economy--anti-ballistic missile programs, war on poverty, conclusion of Vietnam War, truth in lending bill, maximum interest rates.

Discuss the role of government in meeting goals which individuals cannot afford by themselves--highways, bridges, schools, bands, lakes, parks, police, fire protection. (See bulletin board, "American Goals Achieved Through Government", Part III.)

Teacher prepares two charts showing the top ten exports and imports of the United States. Show the total dollars' value of each of the exports and imports. (See "U.S. Import and Export Values by Merchandise Groups" in Part III.)

Analyze technical terms used in describing international trade.

Students define the following terms:

International trade	Exports
Balance of payment	Imports
Balance of trade	Tariffs
Liquid liability	Foreign trade
Customs duties	Domestic trade

Compare the medium of exchange between foreign countries and the United States.

Students select five foreign countries which use different currency and determine the official exchange rate in terms of United States dollars. To buy a $10.00 dress with foreign currency, decide how much the dress would cost in terms of foreign currency.

Committee of students visit a local store and make a list of foreign-made products offered for sale. Compare prices of these

products with similar products made in the United States. Consider reasons for differences in prices.

Students divide into groups to investigate local and state contributions to foreign trade. Report in the form of a chart.
Example:

1. Broilers
2. Cotton
3. Soybeans
4. Manufactured goods

Conclude that international trade for the United States is important from the standpoint of the employment of people and their economic well being and in relations with the nations of the world.

1. Five to six percent of all business activity in the United States is a result of international trade.
2. Exported goods help to maintain a high level of employment.
3. Nations of the world need products from the United States to improve their standards of living.

Imports and Exports:

1. Imports include coffee, tea, spices, industrial diamonds, chrome, cobalt, copper, tin, rubber, wool, zinc, rice, pineapple and other products.
2. Exports include wheat, automobiles, and other forms of transportation, machinery, tools, equipment, animal and vegetable oils and fats, paper products.

References:

1. Joint Council on Economic Education, Economics and the Consumer, 1966, Chapter 2 pp. 10, 14, 17; Chapter 3.

2. Wilson, Harmon W. and Elvin S. Eyster, Consumer Economic Problems, South-Western Publishing Co., Cincinnati, Ohio, 1966, Chatpers 1-8 and 12-14.

Concept 5: The Relationship of the National Income, Money and Banks to Consumer Practices

Generalizations:

1. Individual consumers, business investors, government, and foreign purchasers are consumers of final goods and services or the users of the gross national product.
2. Land owners, labor and management, lenders of money, owners of business, and government contribute to the total annual national income through earnings from rent, wages, interests, profits, and taxes.
3. Money exists in the forms of coins, currency, and demand deposits and serves as a medium of exchange, a measure of value, store of value, and a standard of future payments.
4. Credit serves to stabilize the economy, promote business formation, expand production, and raise the standard of living.
5. Purchasing power is measured by the quantity of goods that a given amount of money will buy and it may be extended by the use of credit.

Objectives	Learning Experiences
Review the terms gross national product and national income.	Students review the meaning of the gross national product, referred to as GNP, which is the total current market value of all final goods and services produced in a nation as a whole during a given year. (Any product or service as it is sold to its final purchaser may be referred to as a final good or service.)
Determine the users of the gross national product.	Teacher uses the following chart to interpret the amounts of gross national product used by the following: 1. Individual consumer 2. Business investors 3. Governments 4. Foreign purchasers
Identify the use of durable and nondurable goods by the individual consumer.	Students identify examples of durable and non-durable goods: **Durable:** automobile, household appliances, furniture, house, camera **Non-durable:** food, clothing, gasoline, oil, cosmetics

Students prepare a poster. Divide poster into two parts. Identify one part, "Durable Goods", the other, "Non-Durable Goods".

Students locate magazine pictures showing durable and non-durable goods.

Students identify annual national income as earnings received for contributions to production by:

1. Land owners, in rent
2. Labor and management, in wages
3. Lenders of money, in interest
4. Owners of business, in profits
5. Government, in taxes

Students conclude that the annual national income is the total income received by all who contributed to the production of goods and services during the year.

Students discuss reasons for inequality in receiving shares in national income:

1. Personal traits
2. Educational level
3. Habits of endeavor
4. Others

Students investigate the hourly wage rates in community for various occupations--- carpenters, painters, lawn care men, and typists.

Students discuss present trends in wages. Compare present wage scale with the wage scale of 5 years ago. Compare local wage scale with national averages for the above occupations. (The national figures can be found in the "Occupational Outlook Handbook", which should be in the school library or guidance office.)

Students analyze the differences in local wage scales and national averages.

Interpret aspects of the national income and how it is distributed.

Students investigate the prevailing interest rates in community for (a) loans on real estate, (b) short term personal loans from banks, and (c) loans for purchase of automobiles. Find out how interest rates compare with those of the year before, of five years before, and of ten years before.

Consider reasons for the variations in rates.

To introduce the study of money, teacher reads the following:

"If a man runs after money, he's money mad;
If he keeps it, he's a miser;
If he spends it, he's a playboy
If he doesn't get it, he's a ne'er-do-well;
If he gets it without working, he's a parasite;
If he doesn't try to get it, he lacks ambition;
And if he accumulates it after a lifetime of hard work,
He's a fool who never got anything out of life."

Define the terms money, currency, coins, demand deposits.

Students research the beginning of the use of money. Report to class. View filmstrip "Money, It's Functions and Forms".

Teacher construct a flip chart on functions of money.

1. Medium of exchange
2. Measure of value
3. Store of value
4. Standard of future payments

Students list substitutes used for money such as:

1. Coupons
2. Tickets
3. Trading stamps
4. Postage stamps
5. I.O.U.'s

Identify the meaning and purpose of credit.

Students define "credit". Analyze definitions and decide on a usable definition.

Students identify functions of credit:

1. Stabilize the economy
2. Promote business formation
3. Expand production
4. Raise the standard of living

Students examine the kinds of credit and the purposes for which they are used.

1. Government credit is used to build highways, schools, hospitals.
2. Business credit is used to cover the cost of producing and marketing goods in acquiring productive facilities such as land, buildings and machinery.
3. Consumer credit permits goods and services to be paid for as they are being used.

Committee interview the mayor or member of the City Council to determine the extent of credit used in financing new streets, sewer and water installations, and hospitals.

Evaluate the role of consumer credit in today's American society.

Teacher point out that consumer credit makes possible the purchase of goods and/or services a family or individual might not be able to purchase otherwise, and may raise the standard of living.

Students recall items in their homes purchased on credit. Decide if their living standard was improved.

Analyze the nature of purchasing power.

Consider that purchasing power is measured by the quantity and quality of goods and services that a given amount of money will buy at a particular time and that it may be extended by the use of credit.

A few students bring mail order catalogs to class. Divide into groups of 3 or 4.

Students study catalogs and choose items to update a wardrobe for the season for one teenager spending $100.00.

Students present skit "How Much Food Will Ten Dollars Buy?" and follow through with suggested learning experiences. (See Part III.)

Students read periodicals dealing with the "shrinking dollar". Analyze reasons pointed out by the authors for the shrinking dollar.

References:

1. Britton, Virginia, Personal Finance, American Book Co., New York, 1968.

2. Riker, Audrey and Holly Brisbane, Married Life, Charles Bennett Co., Peoria, Illinois, 1970, Chapters 11 & 12.

3. Wilson, Harmon and Elvin Eyster, Consumer Economic Problems, South-Western Publishing Co., Cincinnati, Ohio, 1968.

Concept 6: The Effect of Prices and Stabilization Procedures on the Economy

Generalizations:

1. Prices are determined in the product market by the interaction of the supply decisions of competing business and the demand decisions of competing households.
2. An essential feature of the free-enterprise system is the competition among producers of economic goods for the favor of the consumer. Competition is one means of protection for the consumer for it helps to minimize prices and promote efficiency.
3. Prices are affected by monopolies, money, credit, taxes, and sometimes state and federal government.
4. Inflations and depressions have no single cause but are usually the result of a combination of causes whose relative importance varies from case to case.
5. A combination of efforts of government, business firms, laborers, and all consumers is required to halt inflation.
6. Statistical information is gathered, classified, and published periodically by the federal government and other agencies which reveal present conditions in the state of the economy.
7. Monetary policy is one attempt made by the government to maintain economic stability through the control of the supply of money and credit.
8. Fiscal policy, another attempt made by the government to maintain economic stability, is an effort to control the total spending by adjusting upward and downward the amount of government spending.
9. One of the essential devices for stabilizing business conditions is by variation in the amount of spending in a given period by local, state, and federal governments.
10. Wars and economic depressions have contributed greatly to the national debt.

Objectives	Learning Experiences
Interpret the significance of the price system.	Consider that prices are the exchange value of goods or services stated in the terms of money. Discuss the reasons for a price on articles. Include the following key ideas: 1. Money value makes exchange easy. 2. Producers and sellers must make a profit. 3. Price tends to regulate supply. 4. Price regulates the demand for a product. 5. Price competition tends to force prices down to the lowest possible level that will cover production and still allow some profit. 6. Others Students research and prepare a flip chart explaining these terms: Economic value — Elastic demand Price — Inelastic demand Supply — Competition Buyer's market — Price competition Seller's market — Non-price competition Demand
Explain the importance of competition to our free-enterprise system. 	Students consider that in addition to competing for business of the consumer on the basis of lower prices, some producers and distributors offer non-price incentives, such as higher quality of goods, latest styles, inventions and innovations and installation and maintenance services. Students discuss the importance of competition to a free enterprise system. Include the following: 1. A means of protection for consumers by holding prices down. 2. Promotes better quality products. 3. Insures availability of goods. Students view bulletin board, "Hidden Forces Affecting Prices". (See Part III.)
Illustrate that prices are affected indirectly by monopolies, money, credit, taxes and government.	Students divide into groups. From texts, pamphlets, and articles collect information to explain how price may be affected by: 1. Monopolies 2. Money

3. Credit
4. Taxes
5. Governmental control

Students analyze the prices advertised in a local paper for common food items---bread, sugar, potatoes, bananas, milk, lettuce, bacon, potato chips.

Report differences in prices. Discuss the reasons for differences and why the differences are not greater.

Students make a study in the community and accumulate evidence that the prices for comparable products vary in numerous ways. Make a list of stores that offer trading stamps, door prizes, coupons, credit premiums, and other "rewards" that may affect prices.

Analyze technical terms used in business fluctuations and cycles.

Formulate definitions for the following words: (Committees look up words and write them on board)

Business cycle	Fluctuation
Inflation	National Income
Deflation	GNP
Aggregate production	Consumer prices
Prosperity	Wholesale prices
Recession	Compensation of employees
Depression	Proprietors' income
Wage-price spiral	

Outline some phases of the business cycle:

1. Prosperity inflation--period of rising economic activity (industrial production, jobs, income) which lead to relatively full employment.
2. Recession or decline--deflation shown by marked decline in the level of economic activity.
3. Depression--lowest level of the business cycle.
4. Recovery--level of business begins to increase.

Interpret some effects of business cycles.

Students interview businessman or listen to a panel discussion composed of businessmen who have experienced some phases of the business cycle.

Students do research to discover when America's biggest booms occurred. (Usually during and after wars.)

Students prepare a giant black and white display of our past business cycles, identifying major peaks and dips by years and historic events.

Explore ways of combating inflation and deflation.

Students study handout sheets, "Dealing With the Ups and Downs of Business". (See Part III.)
To combat business cycles, students discuss the contribution of each of the following:

1. Consumer
2. Businessman
3. Labor unions
4. Government officials

Students consider some factors which may cause business conditions to change.

1. Fluctuation in profits.
2. Total amount of business.
3. Incomes of individuals rise which causes prices to spiral.

Class discuss economic conditions prevalent in inflationary periods:

1. High wages
2. Scarcity of consumers products
3. High taxes
4. High prices of consumer goods and services
5. High interest rate
6. Others

Students conclude that government, business firms, laborers and consumers must work together in order to halt inflation and deflation.

Discuss the phrases "buyer's market" and "seller's market" and relate these to buying and selling a house during an inflationary period.

Panel discussion on "Are control of prices, wages and materials set by the government, a good way to combat inflation?"

Class compose a letter to senators and congressmen to ask if they feel the government should try to influence economic growth and maintain economic security. If so, what laws do they suggest? Compare answers.

Committee collect from newspapers and magazines charts and graphs dealing with business cycles and business indicators. Discuss their significance with the class.

Recognize that many agencies prepare information dealing with business conditions.

Teacher names some of the agencies that prepare information on business conditions, so that students may become familiar with these sources.

1. Bureau of Census
2. Department of Commerce
3. Department of Labor
4. Department of Agriculture
5. Securities and Exchange Commission
6. Council of Economic Advisors
7. Federal Reserve Board

MONEY SAVINGS SECRETS of A SMART SHOPPER

Students discuss common indicators used to determine business conditions.

1. GNP
2. National income
3. Consumer prices
4. Wholesale prices
5. Discount prices
6. Consumer credit
7. Industrial production
8. Employment status and wages
9. Sales and inventories figures

Students interview local businessmen to find out how they use economic indicators in decisions regarding expansion and contraction.

Students compare retail, discount, and wholesale prices of the following:

1. A jewelry store item
2. A piece of furniture
3. A food product

Consider factors which would influence buying at each price level.

Students discuss factors which influence the variation in price levels.

Students use current periodicals to find a report of past year on the percent of the national income earned by each of the following:

1. Wage and salary earners
2. Owners of farms, business firms, and professional offices
3. Owner's of property who receive interest
4. Lenders of money who receive interest
5. Corporations

To analyze technical terms.

Formulate a definition for the following words:

Monetary policy	Transfer payments
Fiscal policy	Public finance
Federal Reserve System	National debt

Students compare the two major types of government control of business fluctuation.

1. Monetary Policy--Control of the sources of the money supply.
2. Fiscal Policy--Government spending, taxation and management of the national debt.

To identify some functions of government.

Students view flip chart on functions of the government:

1. Provide protection
2. Provide national defense
3. Construct and maintain public works
4. Promote health and education
5. Promote economic growth
6. Maintain economic security

Students consider the effect of government transfer payments to economic stability:

1. Social security payments
2. Pensions to veterans
3. G.I. Bill for educational purposes
4. Subsidies to farmers
5. Others

Students prepare bulletin board, "Keys to Economic Stability". (See Part III.)
Include the following ideas:

1. Rising national income
2. Full employment
3. Stable price level

4. Business growth
5. Others

Students analyze the pie chart on Federal government dollars, and on the state and local government. (See Part III.)

To analyze the significance of the national debt.

Students do research for current information about the size of the national debt.

Students view chart, "Growth of National Debt in Relation to War". (See Part III.)

Debate: Resolved that the national debt should be paid in the near future.

References:

1. Britton, Virginia, Personal Finance, American Book Co., New York, 1968, Chapter 4.

2. Economics and the Consumer, Joint Council on Economic Education, New York, 1966, Chapters 2 & 3.

3. Justin, Margaret M. and Lucile Osboene Rust, Home and Family Living, J.B. Lippincott Co., New York, 1941, Unit 10.

4. Thal, Helen M., Your Family and It's Money, Houghton Mifflin Company, Boston, Mass., 1968, Chapter 3.

5. Wilson, W. Harmon and Elvin S. Eyster, Consumer Economic Problems, South-Western Publishing Co., Cincinnati, Ohio, 1966, Chapters 12-14.

Concept 7: The Relationship of Taxation to the Monetary System of the Nation

Generalizations:

1. Taxation is the price of civilization. The more services and benefits people expect and want from the government, the higher taxes become.
2. For a system of taxation to be fair to business and individuals, it must be periodically evaluated and adjusted.
3. An understanding of the principles and purposes of taxation and of services provided enables a citizen to participate more willingly in the taxation program.

Objectives	Learning Experiences
Analyze technical terms used to describe taxation.	Students define the following terms: Real Estate Tax — Gasoline Tax Sales Tax — Property Tax Poll Tax — Social Security Tax Excise Tax Students discuss the benefits every person and business receives from services provided by governments. 1. Schools 2. Highways 3. Recreation areas 4. Government agencies 5. Public welfare 6. Others
Identify services provided by governmental agencies.	Teacher explain differences in a tax and an assessment. (Assessment is a payment for the improvement of property.) Students review the different improvements to streets, public parks, and public buildings in the community in the past two years. Assignment: Students analyze the federal budget for present year in order to determine the source of funds and to evaluate purposes for which the funds are to be spent. Assignment: Committees analyze budget of local and state government to reveal sources of funds and kinds of services for which expended. Students interview persons of voting age to determine if they evaluate the advantages of each particular tax in light of benefit to the entire community. Summarize findings. Students present a panel discussion on "Every person has an obligation to vote and participate in civic activities pertaining to public services". Class divide into two buzz groups. Assign the following topics: 1. Cost of service received theory of assessing taxes. 2. Ability to pay theory of assessing taxes.

Include the following information:

1. Cost-of-service-received theory
   a. Taxes charged to citizens and business firms on the basis of the amount of service received or benefits gained from government services.

   Example: A family with two children in elementary school would be assessed twice as much as a family with only one child.

   b. Also, this theory is based upon the assumption that the more property such as real estate that a person owns, the more protection and benefit of government services he receives.

   Example: The property taxes are based upon a percentage of the appraised value of real estate.
2. Ability-to-pay theory
   a. This theory is based on the idea that individuals or businesses which have large amounts of property or large incomes are more able to pay than those with little property or small incomes.

   Example: The federal income tax applies a progressively higher rate as the amount of taxable income increases.

Students prepare a list of different kinds of direct taxes that might be paid during a year by a typical family. Examples:

1. Real estate tax
2. Sales tax
3. Gasoline tax
4. Some excise taxes (cigarettes)
5. Others

Analyze reasons for fluctuation of taxes.

Students discuss the anticipation concerning federal taxes increasing or decreasing at this time and reasons for these changes.

Students view bulletin board made from pictures of various items which relate to the various taxes.

Teacher prepare a tax calendar giving the dates on which various local, state, and

federal tax payments and reports are due. (Information may be secured from local or state Chamber of Commerce.)

1. Property and personal tax
2. Federal income tax
3. State income tax
4. Drivers and auto license

Assignment: Students study local taxes, property taxes, sales taxes, and individual income taxes to determine:

1. The rate of taxation
2. Basis on which the tax was levied or assessed
3. How taxes are collected
4. Purpose for which money is used

Teacher invite the local county tax assessor to explain how property is assessed and taxed.

Students determine how much it costs a community each year to provide education for each high school pupil.

To verify the quality of living is dependent upon level of taxation.

Students consider the present expectations that individuals and families assume that society will provide which were formerly provided through self-endeavor:

1. Medical care available to all and free to the elderly and poor
2. Supplementary income during retirement years
3. Schools well staffed and adequately equipped
4. Streets and highways in good repair
5. Use of credit in purchasing homes, equipment and cars
6. Provision of recreational areas
7. Non-polluted water and air
8. Monetary aid to individuals and families for those who are unemployed or unemployable
9. Savings guaranteed against loss by federal agency
10. Others

Conclude that the more goods and services that individuals demand the higher the taxes become.

Written assignment: Write a brief history of different forms of taxation in America. Invite a guest speaker from the Internal Revenue Service to explain present income tax laws. Secure from the Internal Revenue Service current tax forms and pamphlet "Understanding Taxes". U.S. Treasury Department, Internal Revenue Service, Washington, D.C., 20024.
Analyze the information and fill out tax forms.

(Address the request for the sets of forms to the director, National Training Center. Ask for the teacher's guide, publication 18, which includes a wall chart of form 1040. The "Farmer's Tax Guide", publication No. 225 is also available. Free from the Internal Revenue Service.)

Students debate, "A sales tax on food is a fair tax".

Students use a portable tape recorder and interview consumers. Ask their opinions concerning how their tax dollar is spent.

Students consider the frequency of changes in both federal and state tax programs.

Discuss the evaluation and readjustments of taxes on the basis of fairness to individuals and businesses.

Students conclude that an understanding of tax laws and the uses of taxes are basic to a willingness to participate in the tax program.

References:

1. Britton, Virginia, Personal Finance, American Book Co., New York, 1968, Chapter 6.

2. Schoenfeld, David and Arthur Natella, The Consumer and His Dollar, Oceana Publications, Inc., Dobbs Ferry, N.Y.

3. Wilson, Harmon and Elvin S. Eyster, Consumer Economic Problems, South-Western Publishing Co., Cincinnati, Ohio, 1966, Chapter 15.

Concept 8: Banks and Consumer Credit Services

Generalizations:

1. Credit is convenient and often is a means of adjusting high and low points in spending; therefore, it is used by people in all income categories.
2. Consumer credit is debt that is incurred for a home, goods, or services for personal and family use and consumption.
3. Installment buying stimulates mass production and therefore is an important factor in our economy.
4. Banks play important functions in society by serving business firms and individuals through accepting demand and time deposits, making loans and operating trust funds.
5. Banks provide many services that aid a family in managing and conducting business affairs. These services usually include safeguarding money and valuables, transferring funds, making loans, providing trust services, and supplying other services.
6. An economical and convenient way to handle money transactions is through a checking account.
7. The Federal Reserve Bank deals with other banks instead of individuals and businesses. Its purpose is to achieve economic stability through the control of credit.

Objectives	Learning Experiences
Interpret the concept of credit.	Students view and discuss transparencies on "What is Credit?". (See Part III.) 1. Definition of credit. 2. Credit years ago. 3. Credit today. 4. Use of credit. 5. Credit can contribute to life. 6. Credit can cause financial difficulty. 7. Credit can cause family difficulty. 8. Shop for credit.
Analyze the technical terms used in understanding credit.	Teacher use flip chart to explain terms: 1. Consumer credit is financing used by persons to buy consumer goods that are not paid for at the time of purchase. 2. Short term credit must be repaid in less than a year. 3. Intermediate term credit extends for a period from one to five years. 4. Long term credit remains outstanding for a period of five years or longer. 5. Installment credit is a form of consumer credit in which the buyer makes a down payment and pays the remainder

of the debt at specified intervals.

6. Charge accounts involve agreements between a buyer and a seller which permits the buyer to receive goods with delayed payment. (Usually 30 days)
7. Revolving charge accounts allow the customer to charge only a limited amount, determined in advance by the store and the customer. The customer pays a certain amount on his account each month and is charged interest on the unpaid balances.
8. Divided charge accounts are plans permitting a consumer to charge a large item and then pay one-third of the cost in each of the succeeding three months.
9. Credit cards enable individuals to charge for goods and services over a wide geographical area for a 30 day period. This kind of credit is particularly convenient for travelers.
10. Credit rating is a record of individual's past performance at paying debts.
11. Bankruptcy occurs when an insolvent person is declared by the court to be unable to pay his debts.
12. Garnishment or garnisheeing of wages is a procedure used by creditors in obtaining a court order to require the employer to withhold wages for payment of debts.

Analyze laws and practices related to credit.

Students view transparency, "The Fashion Shop" to interpret the Truth-in-Lending Bill, July 1969. (See Part III.) Relate this information to the Arkansas Usury Law.

Students divide into groups for the purpose of interviewing local business personnel to obtain information regarding the following business practices:

1. Policy of each business in selling for cash or credit
2. Kinds of credit extended
3. Basis on which credit is extended (probably involves the ability of the debtor to pay the creditor a certain

percent of the debtor's wages at regular intervals until the full amount has been paid.)
4. Actual cost of charge account
5. The percnetage of discount for cash payment

Consider if it would be beneficial to borrow the money from a local bank to receive a discount for cash.

Compare the different kinds of credit cards and benefits.

Students interview personnel in business establishments which issue different types of credit cards. Determine the benefits for cardholder and storeowner.
Benefits:
1. Don't have to carry cash
2. Instant credit
3. Have goods now and pay later
4. Benefits the seller in that the customer may spend more
5. Seller will gain interest on credit accounts

Students make survey of parents to find out how many different kinds of credit cards they have and how many of each kind.

Identify the information necessary for establishing a credit rating.

Teacher explains the three C's of credit.
1. Character
2. Capacity
3. Capital

Teacher helps students compile a list of information demanded by a lender.
1. How long has the prospective borrower lived at this address?
2. List three names of persons who will vouch for your integrity.
3. How long have you been employed at your present job?
4. Where do you bank? Do you have a savings account?
5. Do you have additional sources of income?
6. Have you bought other merchandise on credit? Where?

Categorise ways different families use credit.

Students prepare a progressive bulletin board. Students locate pictures which illustrate ways a family may use credit and post on board.

1. Goods
   a. Clothes
   b. Shelter
   c. Food
   d. Automobile
   e. Others
2. Services
   a. Medical
   b. Repair
   c. Utilities

Figure the dollar cost of credit.

To figure the dollar cost of credit:
1. Multiply the amount of each payment by the number of payments you will have to make.
2. Add the down payment.
3. Subtract the cash price, including sales tax.

The answer is the dollar cost of credit.

Teacher illustrates the above steps by working a problem on the board.
Assignment: Each student select one item that he might like to buy. Visit at least three stores to obtain information on buying the item on credit. Include required down payment, interest rate in percentage per month, amount and number of monthly payments and cash price including sales tax. Students use information to compute the cost of credit each store would charge. Students recall that the truth in lending bill specifies that an interest rate is stated as a percentage per month. The true annual interest rate can be found by multiplying the stated rate by the number of interest periods in a year. For example, 1 1/2 percent per month is 18 percent per year (1 1/2 times 12), or five percent per quarter is 20 percent per year (5 times 4).

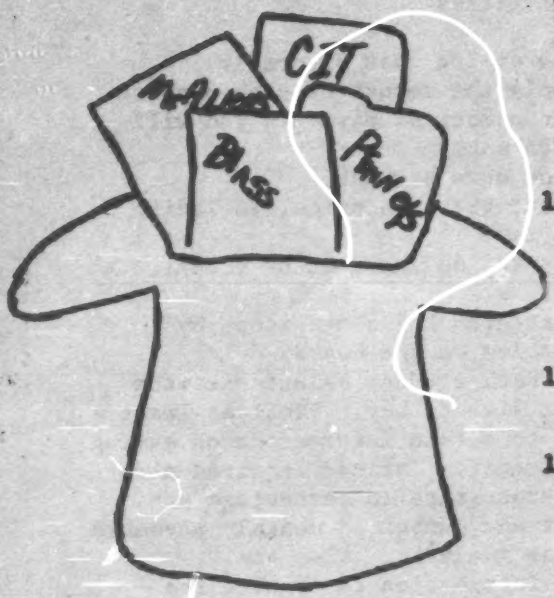
Students figure true annual interest rate for each item they investigated for the above problem.

Summarize consumer credit.

Students view films "Wise Use of Credit" and/or "The Littlest Giant".

Teacher and students prepare list of guides for wise use of credit.

CREDIT
HOW TO GET
THE
BEST DEAL



1. Shop for lowest credit cost in dollars and true interest rate.
2. When buying on credit be as discriminating about the quality of merchandise as you would if you were paying cash.
3. Be sure you can meet the added expenses of a new purchase.
4. Use credit for major expenses only.
5. Read contract thoroughly before signing.
6. Steer clear of unlicensed lenders.
7. Borrow the absolute minimum required to meet your needs.
8. Pay off existing debts before taking on new ones.
9. Be sure that what you buy will last longer than the payments on it do.
10. Make as large a down payment as possible, one-third on an automobile, at least 10% on furniture and household equipment. The larger the down payment, the less you'll end up paying in interest.
11. Complete payments as quickly as possible, within two years on cars, furniture, and household equipment.
12. Before buying on credit, make a spending plan that covers food, housing, clothing, medicine, incidentals, and payments on your existing debts - to help see how much credit you really can afford.
13. If you must postpone a payment, tell your creditor why and what you can do. This is an important point in keeping a good credit rating. The ability to use credit is too valuable to destroy carelessly.
14. Don't use credit for self-discipline.

Analyze the technical terms used in installment credit.

Identify the following terms:
Chattel Mortgage Contract - applies to goods that are ordinarily movable (auto, piano). (The seller gives title of the goods to the buyer but the chattel mortgage permits the seller to retain a claim against the goods until the debt is paid.)

Conditional Sales Contract - most common type of agreement used to provide security for the seller. (The title to the goods

remains with the seller until payments for the goods and interest and finance charges have been made in full. Upon completion of all payments, the title to the property is transferred to the buyer.)

Security Agreement - highly recommended installment contract. (The seller may take back the property if the contract is not fulfilled.)

Deficiency - the amount the buyer loses. (In most states the buyer receives no portion of his payment if the goods have been repossessed. If the subsequent sales price of the repossessed goods is less than the amount he still owes for them, he may be called upon to pay the difference between the two amounts.)

Sales Finance Company - a finance company dealing only in installment notes arising from sales by business firms. (The installment notes from the business firm are purchased at the time of the sale, immediately replenishing the merchant's cash.)

Consumer Finance Company - finance company that makes loans directly to consumers not arising from a sale of merchandise by a business firm. (Used to purchase various kinds of durable goods, to pay debts, pay emergency expenses, or for home repair.)

Consumer Credit Insurance - also referred to as credit life insurance, a short term insurance on the life of the purchaser. (In case of the purchaser's death the money from the insurance will be used to pay off the remaining debt under the installment plan.)

Time Balance - on an installment sale, the total due to be paid in regular installments over a period of time. (A finance charge is usually part of the time balance.)

Finance Charge - includes use of money loaned to the consumer plus such cost as charge for investigation, insurance, and service charge.

Add-On Basis - it is used for most installment sales for a large number of installment loans. A flat percentage or sometimes a flat sum is charged for making the loan.

Repossession - legal action necessary for the seller to repossess an article sold under an installment contract that the buyer failed to live up to.

Compare and analyze the difference between installment buying and the use of charge or open accounts.

Students view a progressive disclosure chart on how installment plans differ from buying on charge or open accounts.
Examples:

1. A down payment is usually required
2. A finance or carrying charge is added to the price
3. Payments of equal amounts are spread over a period of time
4. Security for the amount of the unpaid balance is taken by the seller in the form of a security agreement

Teacher and students discuss how family needs for such items as appliances and household equipment determine whether they use credit and the type of credit they might use.

Interpret the advantages and disadvantages of using installment buying.

Advantages of installment buying:

1. You can use goods while paying for them.
2. Better quality merchandise can be obtained instead of paying cash for cheap merchandise.
3. Many young married couples do not have enough savings to purchase major items; therefore, they generally use installment buying.
4. Apt to obtain better service on merchandise while making payments.
5. The quality of living in American homes has been improved.
6. Enables one to establish a credit rating for emergency use and for large scale purchases.

Disadvantages of installment buying:

1. It's easy to over spend. A couple may buy more than they can afford.
2. If it's necessary to use installment buying, it may not be possible to shop

around for the lowest price.

3. One pays more when using installment credit instead of cash.
4. It's hard to understand consumer credit terms. Unless the consumer has some savings it may be dangerous to commit oneself to future obligations.
5. Consumers are encouraged to use installment buying by those merchants who get additional income from the extra charges.

Students prepare bulletin board, "Debt! How Much is too Much?". (See Part III.)

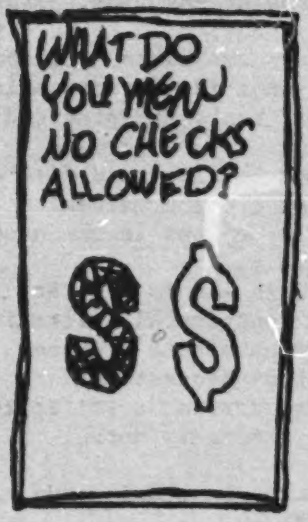
Students compare the advantages and disadvantages of using installment buying for a college education, vacation, home, car, furniture, major home appliances.

Contrast the types of installment contracts.

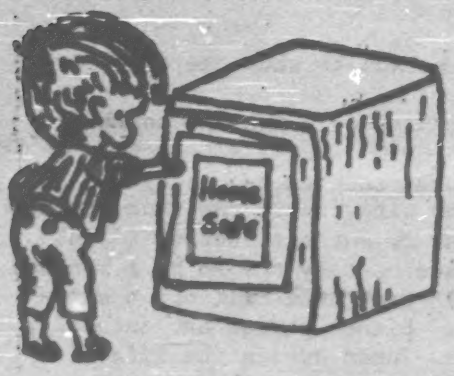
Assign two committees to obtain and explain such contracts as: a conditional sales contract and a chattel mortgage.
Review the checkpoints on installment contracts.

1. How much would the constant price be for the article?
2. What is the down payment?
3. What is the cost for carrying charges?
4. In addition to the purchase price and carrying charges, what will insurance, investigation, legal recording, and other charges cost?
5. Have you checked the cost of other credit sources?
6. Do you fully understand your contract?
7. Have you read and examined your contract for correct figures and any blank spaces?
8. What security is required in order to obtain the loan?
9. In case of late payment, can the seller garnish the buyer's wages?
10. Can the buyer pay off the contract at an early date and receive a reduced rate?
11. Will a fair notice be given the purchaser before repossession?
12. In case of repossession what rights does the buyer have in the property?

Summarize the many benefits and responsibilities of credit.	Invite a guest from a finance company to speak on "The Wise Use of Credit".
Enumerate the types of lending institutions.	Students view bulletin board, "Need a Loan?" (See Part III.) Students research and evaluate the services offered by lending institutions: 1. Banks (commercial, industrial, savings) 2. Credit unions (national) 3. Small loans or consumer finance companies 4. Life insurance companies 5. Illegal money lenders Students examine transparency, "Beware of Loan Sharks and Pawnbrokers". (See Part III.)
Compare the requirements for different types of loans.	Divide class into four groups. Role play problems in obtaining the following loans: 1. Personal loans 2. Installment loans 3. Mortgage loans 4. Loans to businessmen and farmers Class members should be prepared to discuss factors to consider in selecting a place to borrow, how much security or collateral is needed, if a co-signer is needed, and type and amount of interest rate.
Analyze the technical terms used in understanding banking services.	Define the following terms: Checking account — Bank draft Deposits — Certified check Drawer — Cashier's check Drawee — Bank money order Payee — Traveler's checks Joint Account — Savings account Bank statement — Safe-deposit box Reconciliation — Negotiable instrument Postdating 1. Checking account service-money deposited by businesses and individuals which the bank accepts and then pays out when the depositors write checks on the deposit. 2. Deposits-money placed in banks for safe keeping. 3. Drawer-the depositor who writes the checks.



4. Payee-the person to whom the check is payable.
5. Drawee-the bank on which the check is drawn.
6. Joint account-account opened by two persons who wish to use the same checking account or savings account (Joint accounts are usually opened by a husband and wife.) Each must fill out a signature card. Either person has authority to withdraw funds during the life of both parties.
7. Bank statement- a report of deposits and checks made available to the depositor by the bank at regular intervals.
8. Reconciliation-procedure for comparing bank statements with the entries on check book stubs to see that there are no errors.
9. Post dating-using a date later than the current date. (The bank will not cash the check before the date indicated. Banks discourage post dating checks although it is legal and sometimes convenient.)
10. Bank draft-a check from one bank drawn upon funds deposited to its credit with some other bank.
11. Certified checks-an ordinary check drawn by a depositor in the usual way, except it is presented to the bank for certification by the drawer.
12. Cashier's check-check that the bank draws on itself. It is used to pay bills owed by the bank.
13. Bank money order-serves essentially same function in transmitting money for a customer as the cashier check, except the name of the remitter is on the bank money order.
14. Traveler's checks-a type of check used by people who do not like to carry large amounts of cash when traveling and find it difficult to cash personal checks. (A fee is charged for each check and checks are signed by the buyer in the presence of the bank agent. When cashed it is signed again in the presence of the person cashing it with the signature that matches the original signatures.)



15. Savings account-money deposited earns interest that is computed annually or quarterly on a compound basis. (Deposits may be made at any time. Withdrawals usually may be made at any time, although banks may legally require 30 to 90 days notice. Depositors are given a passbook.)
16. Safe deposit box-individual receptacles found in vaults of banks and provided on a rental basis. (These provide protection against burglary and fire and should be used for storing valuables that cannot safely be kept in the home or business office.)
17. Negotiable instrument-it is written evidence of some contractual obligation and is usually transferable from one person to another by endorsement. Examples: checks, drafts, certificates of deposit, and promissory notes.

Review bulletin board "Banks and Banking Systems". (See Part III.)

Classify services which are used in banking.

Plan a field trip to a local bank and ask the banker to explain services provided by the bank. (Contact junior officer of bank)

Students review the services provided by the bank and evaluate the charges for these services. (Each student should make a list of these services which are available in the community.)

Categorize the various methods banks use to transfer money.

Students prepare and present skits to interpret reasons for the various ways banks transmit money:

1. Bank draft
2. Certified check
3. Cashier's check
4. Bank money order
5. Traveler's check

With the aid of overhead projector, teacher show a sample of each kind of bank draft and special check. Review with students how these are filled out.

Illustrate the method of balancing the checking account by using the bank statement and check stubs.

Students prepare reconciliation of a bank statement from information given by the teacher on:

1. Balance on hand

2. Various checks written
3. Deposits made at intervals
4. Checkbook balance

Teacher post on board actual forms that show the steps a depositor goes through in establishing a checking account:

1. Form necessary for opening a checking account.
2. A list of regulations governing a checking account.
3. Samples of all the forms used (a counter check and a deposit slip).

Conclude that services develop in response to various needs of bank users.

Students prepare a flip chart showing services developed in response to various needs of bank users:

1. Safeguarding money and valuables
   a. Safe deposit boxes for keeping important papers for individuals and business.
   b. Checking accounts for individuals and business.
   c. Savings accounts (could include time deposit or certificate of deposit.)
2. Transferring funds
   a. Regular and special checking accounts
   b. Certified checks
   c. Official checks
   d. Travelers checks
   e. Money orders
   f. Bank drafts
   g. Telegraphic or cable transfers
3. Making loans
   a. Personal loans to meet emergencies
   b. Installment loans to purchase a car or improve a home
   c. Mortgage loans to buy a house
   d. Loans to businessmen and farmers
4. Providing trust services
   a. Managing trusts and estates
   b. Providing financial and investment advice.
5. Supplying other services
   a. Providing currency and coin in denominations needed by the public
   b. Selling and redeeming U.S. Savings

Bonds

c. Preparing cash payrolls for local plants

Define and explain services of credit unions.

Define credit union as a cooperative organization of persons who agree to combine their savings and to make loans available only to members at a low interest rate.

1. Teacher explains that members of a credit union are usually made up of people who have a common bond---same employer, same church, labor union, etc.
2. Credit unions are chartered by state or federal government and make loans only to their members.
3. Membership is obtained by paying a small entrance fee and by buying one or more shares which usually sell for $5.00 each.
4. The rate of interest on loans is low, usually ranging from 1/2 to 1% a month on unpaid balance, because expenses of operation are low.
5. Great personal interest is shown in the financial needs of the members and generally fewer special charges are imposed than in any other type of lending institution.
6. The rate of collection is generally very high.
7. Current rate of interest earned for money deposited is slightly higher than that of banks because credit unions are exempt from federal taxes and do not seek to make a profit.
8. The members manage and operate the credit union. Each having one vote regardless of the number of shares he owns.
9. Loans may not be made for longer than five years.
10. Loans as small as $5.00 are made and the maximum amount for loans is determined by the directors provided it does not exceed $750.00 for unsecured loans.

Define and explain the functions of consumer finance companies.

Consumer finance companies are small loan companies that lend primarily to wage earners and others of moderate means who may not have established a credit rating and who may not have securities to be used as collateral

for loans from other services.

1. They have been established in all states.
2. They began as an effort of states to curb the operation of illegal money lenders.
3. Consumer finance companies rank next to commercial banks in total amount loaned annually to consumers.
4. One out of five families borrow from these companies every year.
5. Loans are usually made for a period of 10-20 months.
6. Maximum loans range from $300 to $5000 depending upon state regulations.

Students write or call on consumer finance companies in local area to find out prevalent rate of interest.

Analyze the purpose of the Federal Reserve System.

Teacher discusses with students the Federal Reserve Act of 1913.

a. Banking system that developed is called the Federal Reserve System.
b. The U.S. was divided into 12 Federal Reserve districts.
c. Each reserve district contains a Federal Reserve Bank which is a separate and distinct organization, each managed by its own board of directors.
d. The 12 Federal Reserve Banks are Coordinated by a Board of governors with seven members all appointed by the President of the U.S.

Differentiate between the Federal Reserve bank and an ordinary bank.

1. Similarity of Federal Reserve Bank to an ordinary bank.
   a. Both are corporate operations under a charter.
   b. Both issue stock.
   c. Both receive deposits.
   d. Both pay checks drawn on deposits.
   e. Both make loans to individuals according to the law.
2. The Federal Reserve Bank deals largely with member banks, but under certain conditions makes loans to certain business enterprises.

3. The stock of the Federal Reserve Bank is owned by the member banks.
4. Federal Reserve Banks do not accept deposits of individuals or businesses.
5. The theory of the Federal Reserve System is that funds of the entire U.S. should be organized to permit rapid shifting of money and credit from one place to another to meet the supply and demand and thus promoting economic stability and growth.
6. Main function of the Federal Reserve System
   a. Issuing notes (paper currency)
   b. Maintaining centralized bank reserve
   c. Making loans to member bank
   d. Rediscounting notes
   e. Regulating business activities

Summarize credit and banking.

Teacher appoints several students to lead the class in reviewing different aspects and key ideas of the study of credit and banking.

References:

1. Cuna International, Inc., Using Credit Wisely, Cuna International, Inc., Toronto, Ont., 1966, Chapter III.

2. Riker, Audrey and Holly Brisbane, Married Life, Charles Bennett Co., Peoria, Illinois, 1970, Chapter 13.

3. Schoenfeld, David and Arthur Natella, The Consumer and His Dollar, Oceana Publications, Inc., Dobbs Ferry, N.Y., 1966, Chapter 9.

4. Thal, Helen, Your Family and Its Money, Houghton Mifflin Co., Boston, Mass., 1969, Chapter 7.

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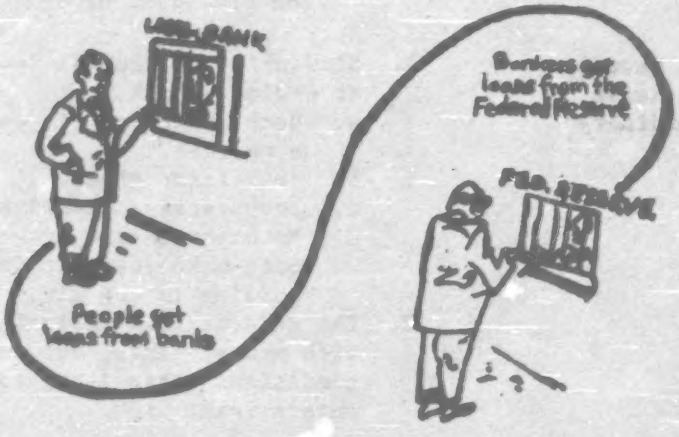


Concept 9: The Effect of Advertising and Protective Aids on Consumer Practices

Generalizations:

1. Selling goods and services through stimulating demand and influencing consumers in their choices is the objective of advertising.
2. Advertising aids in making mass production possible; therefore, many more products are made available at costs consumers can afford to pay.
3. Wise consumer decisions require the analysis of the motives, methods and contents of advertisements.
4. A knowledge of advertising techniques may help the consumer determine what is a valid advertisement, and what is not, thereby enabling him to become a discriminating consumer and to make selections on the basis of correct information.
5. The cost of advertising paid by consumers is offset partly or wholly by the benefit of lower prices which advertising indirectly makes possible through mass production.
6. Three major sources---private, professional, and government---provide the consumer with protection and information services which may serve as a basis for making decisions to purchase products and services.
7. Certain agencies and organizations have been established whose primary objectives are to obtain and distribute product information to consumers.
8. The federal government assumes several roles in consumer protection. Among these are the setting of standards, testing of products, provision of standard measurements; and the development and enforcement of laws for food, drugs, and cosmetics.
9. Legal information and principles may be used as a guide in solving economic and consumer problems involving other people.
10. Mutual assent, a sincere offer and acceptance, is the basis of a contract. The proposal must be definite; it must be made with the intention that the person making the offer will be bound by it; the proposal must be communicated by words or actions.
11. Certain remedies may be used by both the seller and the buyer when the other fails to meet the stipulations in an expressed or implied contract.
12. Buying involves making choices between necessities and luxuries; between one product or service, and another of the same kind; between different kinds of products or services and between spending or future savings.
13. In general the quality of an item is a combination of design, color, workmanship, beauty, wearing quality, economy, and care and maintenance features. The price of an item may be evaluated in terms of its quality and its ability to fulfill a consumer's desires and necessities.
14. A plan for spending enables the consumer to live within his in-

come, to save periodically, and to systematically fulfill his basic needs.

15. Brand names and trade marks are useful only when the consumer has tried the product, has become familiar with a particular brand, and knows what to expect in the quality of the product.

Objectives	Learning Experiences
Analyze the kinds of advertising.	Assignment given before the beginning of study: Students make a collection of advertisements from newspapers and magazines. A few students moniter TV and radio programs. Write down the exact words used and a description of the visual portion. Two or three students examine bill boards and make copies of the most unusual ones.

1. Consumer advertising-the advertising that is addressed to the ultimate consumer (The person who buys for personal or household use.)
2. Primary advertising-advertising that is intended to stress the benefit of a certain kind or type of product rather than a particular brand of that product.
3. Selective advertising-advertising that attempts to persuade consumers generally to buy one brand rather than another.

Students find an example of the three types of advertising and analyze the purposes of each.

Define the function of advertising.

Conclude that the functions of advertising are as follows:

1. Stimulates the consumer demand.
2. Educates the prospective consumer.
3. Informs the consumer about new products.
4. Maintains contact with the consumer who might never know about a new product without advertising.
5. Stresses features and important advantages of a product.
6. Builds consumer preferance for a particular product.
7. Establishes a product image.

Students consider that the cost of advertising paid by consumers is offset partly or wholly by the benefit of lower prices which advertising indirectly makes possible through mass production.

Evaluate the effectiveness of the appeal of advertising.

Students divide into 3 groups and find advertisements from magazines and newspapers which appeal to:

1. Health
2. Beauty
3. Economy
4. Sex

Paste each on a sheet of paper and opposite each one write a brief notation indicating how the appeal is emphasized. Evaluate the effectiveness of the appeal.

Distinguish between useful and meaningless advertising.

Teacher and students make a list of persuasive and highsounding titles and terms used in advertising products. Analyze their truthfullness, their intent, and their usefulness from the point of view of the buyer.

Students view transparencies, "Join the Beautiful People". (See Part III.)

Students prepare bulletin board, "Faulty Logic?" using actual advertisements representative of the above.

Summarize principles involved in advertising.

Students develop guidelines to follow in analyzing advertisements. Examples:

1. Study advertisements as a source of information.
2. Study kind of appeal used in an advertisement.
3. Look for statements indicating the quality of the product advertised.
4. Be aware of absurd and meaningless statements and implications in advertisements.
5. Testimonials used in advertising should be carefully evaluated.
6. Search for information about essential features.

List types of regulations and control over advertisements.

Teacher list two types of regulations.

1. Self-imposed standards - Standards adopted by individuals, business firms, advertiser associations and businesses providing advertising media.
2. State and federal laws and regulations.
   a. State and city laws may regulate advertising. The Better Business Bureau discourages misleading advertising and unethical promotional schemes.

b. The Wheeler-Lea Act, passed in 1938, includes these provisions:
   (1) In general, all unfair methods of competition in commerce, as well as unfair or deceptive acts or practices, are declared unlawful.
   (2) It is unlawful to publish or distribute false advertising in order to induce purchases of food, drugs, devices, or cosmetics.
   (3) Publishers, radio broadcasters, advertising agencies, and other advertising media are relieved from liability for advertising statements, unless they refuse to furnish the commission with the names and address of the manufacturer packer, distributor, seller, or advertising agency that caused the distribution of the advertisements.
   (4) False advertising is defined as advertising that is "misleading in a material respect," including the failure to reveal facts as to consequences that may result from the use of the advertised commodities.

Analyze the effect that the "Truth in Lending Law" will have on advertising.

Students review "Truth in Lending Law." Compare advertisements before July 1, 1969, with present advertisements.

Truth in Lending Law protects the consumer against misleading advertising of interest rates and failure to disclose credit terms in standard simple terms.

Under the Truth in Lending Law, the following items must be disclosed to the consumer:

1. When finance charge begins
2. The number, amount, and due date of payments
3. Total payments
4. Penalties for late payment
5. Description of any collateral held by creditor
6. Copy of the contract given to consumer

Analyze the consumer protection provided by private sources and professional associations.

Committee of students prepare an accordion folder presenting lists of consumer protection methods provided by private sources and professional associations.

Examples:

1. Consumer Research, Inc. Non-Profit organization
   a. Extensive laboratory and testing facilities.
   b. Development of methods for testing costly consumer goods such as washing machines.
   c. Monthly and annual reports published.
2. Consumer's Union of United States, Inc.
   a. Provides information and counseling.
   b. Initiates and cooperates with groups on all matters concerning the family income.

Students view transparency, "Seals and Labels." (See Part III.)

Students consider the benefits provided to consumers through the following organizations:

1. American Standards Association - Standards of quality as well as of size and type have been developed for many products.
2. National Canners Association - Certain minimum standards for can sizes, fill, quality, and description of the product have been set up.
3. National Consumer Retail Council, Inc. - The council promotes adequate standards for consumer goods and encourages informative labeling and advertising.
4. Better Business Bureau - By consulting the local better business bureau, consumers can protect themselves from unfair business practice and from fraudulent schemes.

Students examine leaflets, pamphlets, newsletters, and reports from the above agencies.

Students collect and display news stories which depict situations involving fraud and deception. In each case determine what

assistance could have been provided by the Better Business Bureau and the Legal Aid Society.

Students consider some illustrations of state and city ordinances which protect consumers.

1. Consumer loans
2. Solicitations for contributions
3. Sanitation
4. Health and personal welfare
5. Real estate zoning and restrictions
6. Insurance
7. Private and public education
8. Recreation
9. Personal care, barber, and beauty

Identify government agencies and organizations whose objectives are to investigate and distribute information concerning consumer products.

Students list some services of the Department of Health, Education and Welfare.

Example:

1. Public Health Service
   a. Prevention of disease
   b. Protection of health
2. Federal Food and Drug Administration
   a. Promotes purity, standard strength, and truthful and informative labeling.
   b. Prevents the selling of dangerous drugs without a doctor's prescription.

Identify the role of the Federal Trade Commission.

Students consider the function of the Federal Trade Commission.

Students research information related to the Federal Trade Commission. Report to class.

Determine principle functions of Federal Trade Commission:

1. Promote free and fair competition
2. Prevent false and deceptive advertisements
3. Prevent monopolies, mergers and combinations of firms that lessen competition
4. Others

Students discuss consumer responsibilities in relation to situations such as:

1. Taking garments out on approval
2. Providing salesperson with information in regard to the desired purchase

3. Differentiating between "bait" advertisement and informative ads
4. Asking for informative labeling
5. Avoiding damage to merchandise if it is to be returned
6. Making a justifiable complaint when a flaw is detected. (Make the complaint in writing.)
7. Being courteous to sales people

Analyze needed information involving economic transactions with other people.

Students clarify terms and indicate the major provisions of each of the following:

1. Contract
2. Legal option
3. Competent parties
4. Incompetent parties
5. Countersign
6. Voidable contract
7. Rescind
8. Age of majority
9. Usury law
10. Implied contract
11. Express contract

1. Contract-Most common form of agreement. In general it should be written instead of oral to prevent any chance for misunderstanding or disagreement between parties.
2. Legal option-Type of offer that is used in a large transaction. Offers are sometimes kept open for a certain period of time by this special contract. For example, a company considering buying property would want time to consider the matter with the assurance that if the decision was made to buy, the original price quotation would be acceptable. The option should be in writing and signed by the person granting it.
3. Competent parties-Those who are legally qualified to make contracts. (Anyone who is not otherwise prevented by law from making enforcable agreements may make a contract.)
4. Incompetent parties-Those who are prevented by law from making contracts. Examples: Intoxicated persons, insane persons, and minors.
5. Countersign-Contracts made by minors are voidable (broken, therefore parents are asked to sign the contract thus confirming it.)
6. Voidable contract-One which may be broken by one or both of the parties.

7. Rescind-To break or void.
8. Age of majority-When a minor reaches the minimum age at which he may make a contract.
9. Usury law-Establishes the highest rate of interest that may be charged in a state.
10. Implied contract-Made through an agreement implied by the acts or the conduct of the parties involved.
11. Express contract-Contract that has risen out of an agreement expressed by oral or written words.

Enumerate the remedies for breach of warranty.

Students analyze provisions included in warranties.

Students observe that a warranty is a promise made before or after the sale, that an article will operate in a specific way or that it has a certain specific quality, and specific parts will be replaced within a certain length of time.

Teacher explains that a breach of warranty exists in the case of misrepresentation or if goods do not fulfill the reasonable expectations of a warranty.

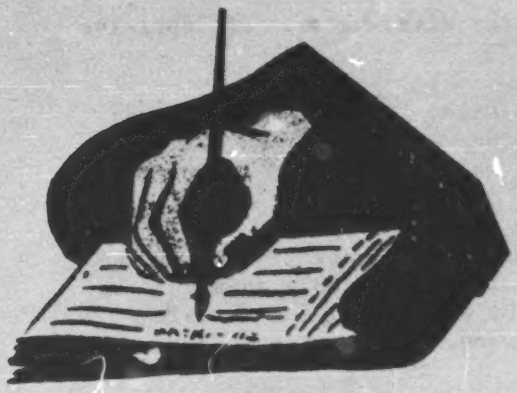
Students list the following recourses open to the buyer:

1. Keep the item and deduct from the price the amount of the damages.
2. Keep the item and bring action against the seller for damages.
3. Refuse to accept the item and bring action against the seller to recover damages.
4. Rescind the contract and refuse to receive the item or, if the item has been accepted, return it to the seller and recover the price that has been paid.

Students use the following chart to outline remedies the consumer or seller may take in the event of the other party failing to perform his part of the contract.

Seller	Buyer
1. Sue for payment	1. Sue for possession
2. Sue for damages	2. Sue for damage
3. Rescind contract	3. Insist on fulfillment
	4. Cancel contract

Interpret the essentials of a written contract.



Committee of students examine a contract to review the six essential aspects of a written contract.

1. Date and place of agreement
2. Names and identifications of parties entering into the agreement
3. A statement of the purposes of the contract
4. A statement of the money, the services or the goods given in consideration of the agreement
5. Signature of both parties
6. Signature of witnesses (where required by law)

Discuss the following:

1. When a contract should be in writing
2. Differences between written and implied contracts
3. Use of bill of sale
4. Differences between voidable and defective agreements

Identify kinds of contracts.

Use role-playing to portray the difference between express and implied contracts.

Analyze the process of decision making.

Students review the decision making process.

1. Recognize problem
2. Consider alternatives
3. Make a choice
4. Test
5. Evaluate the results
6. Accept the consequences

Assignment: Each student selects an item to consider purchasing and in the decision making process writes out the answers to the following questions:

1. Do I need it?
2. Why do I need it?

3. Is it worth the price?
4. Is there a better way to use the money?
5. Why am I buying it?
6. Is this the best place to buy it at the price I wish to pay?

Students review chart "Factors Involved in Decision Making." (See Part III.)

Teacher discuss the advantages of using a spending plan.

Students review the disadvantages of impulsive buying.

Evaluate the various kinds of sales as to quality, bargains, and comparative prices.

Students analyze sales from the latest local newspaper. Consider seasonal sales, remnant sales, promotion sales of certain consumer goods.

Students consider the advisability of buying products from dealers who supply repair services. Develop a criteria for choosing a particular service.

Students relate experiences their families have had from buying at discount houses.

Teacher point out that discount houses sometimes sell lower quality merchandise than do other stores and that a knowledge of the merchandise is essential to the consumer.

Formulate the criteria for judging the quality of an item.

Teacher pass out brochures advertising large and small equipment, china, silver, furniture. Students study materials, choose an item and give reasons for selection.

From above list teacher leads students to discern the characteristics of the quality of an item. Include the following:

1. Design
2. Color
3. Workmanship
4. Beauty
5. Wearing quality
6. Economy
7. Care and maintenance features
8. Others

Recognize the importance of keeping family records and planning family budgets.

Conclude that the price of an item may be evaluated in terms of its quality, and its ability to fulfill ones needs and desires.

Students have a buzz session on case histories of persons who developed financial problems as a result of poor management.

View film strip, "Marriage and Money."

Invite a young married couple who will speak to the class on how they manage their family income.

Students discuss slogans, "save for a rainy day" and "make hay while the sun shines".

Students prepare bulletin board "How Do You Manage Money?". (See Part III.)

Identify reliable brand names, trade marks, grades and standards which enable the consumer to make better purchases of economic goods.

Demonstration: Using three various brands of eggs, compare quality as to the size, price, and freshness. Students determine which is the best buy for the price in relation to the intended use.

Examine a number of labels. List information given on the labels. Decide if the label adequately describes the product.

Students make bulletin board, "Are You An Able Label Reader?". (See Part III.)

Students discuss premium stamps and premiums. Decide who pays for these and if they are really free.

Differentiate between a deceptive and informative label.

Students discuss the reliability of the following terms used in advertising.

1. Jumbo
2. Family size
3. Giant size
4. Economy size
5. Fancy

Add to the above list similar words or statements.

Review and summarize the values derived from using brand names, standards, grades, and labels as guides to better consumer practices.

References:

1. Better Business Bureau, Consumer's Buying Guide, A Benjamin Company-Rutledge Book, New York, 1969.

2. Better Business Bureau, Facts You Should Know About Schemes, Boston Better Business Bureau, Boston, Mass., 1964.

3. The Kiplinger Services for Families, What the New Truth-In-Lending Law Does For You, Austin H. Kiplinger, Washington, June, 1969.

4. Wilson, Harmon W. and Elvin S. Eyster, Consumer Economic Problems, South-Western Publishing Co., 1966, Chapter 20.

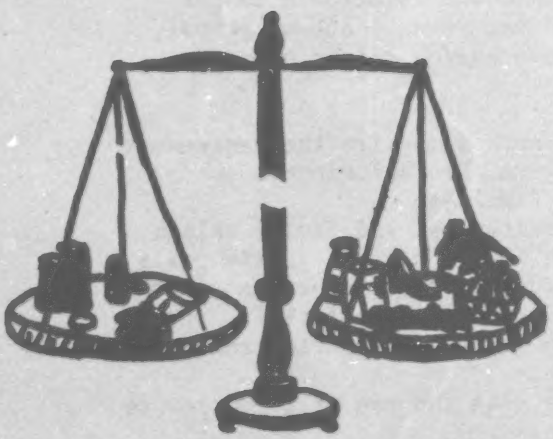
5. Proceedings of a National Workshop on Consumer Credit in Financial Management, University of Wisconsin, October 9-12, 1967, sponsored by the American Home Economics Association.

Concept 10: Managing and Investing Finances

Generalizations:

1. Management is a process through which one uses intelligence in planning, controlling, and evaluating family resources to achieve goals based on values.
2. The perception of available resources may enhance or limit the management potential of individuals and families.
3. The management process is a continuous activity and involves decision making in making plans, controlling activities and evaluating the results.
4. A budget includes wages, salaries, and dividends received and necessary expenditures, savings, luxuries, and projected expenditures.
5. The savings of many people help finance business, create new capital, new jobs, and greater production of consumer goods and services.
6. Some important goals according to well established American values are education, marriage, buying a home, starting a business, buying insurance, investing in securities, and buying major comforts and luxuries.
7. In addition to U.S. Government savings bonds, there are other types of government bonds and also municipal bonds (issued by states, counties, cities, and school districts).
8. Common stock, called shares, is issued by corporations and entitles the owner to participate in the earnings and other rights and obligations depending upon the class or grade of stock.
9. The owners of preferred stock have a share in the ownership of a corporation and other preferred claims.

Objectives	Learning Experiences
Analyze the management process.	Students view transparencies, "Management and the Family". (See Part III.) Teacher defines management as the process of using ones resources to fulfill goals. Teacher defines resources as assets, both human and material, available for use. Students make a list of all their resources. Teacher tabulates students' lists of resources. Students divide their list of resources into human and material categories. Include time, energy, talents and abilities, money, material possessions, people and others. Students contemplate the difference between management and manipulation of human resources. 1. Students consider that the major use of human resources is to create an environment wherein each individual may be free to develop a value system and to discover his capabilities rather than to work to achieve preset goals. 2. Students explore situations in homes which may cause alienation of children. a. Mother and children form an alligence which causes children to depreciate the father. b. Parents push children in a specific direction. c. Mother who refuses to provide experiences for children which provide independence and self-direction. 3. Compare the above home situations with the following: a. Family life which provides free dialogue and open discussion of feelings. b. Family support and encouragement for the development of individualization without yielding to group pressures. Students draw from a box a picture or the name of something a family might want or



need. Some examples to include are a bedspread, new window treatments, painting and refinishing the interior of the house, a new patio, Christmas gifts for relatives and neighbors. Students think of ways these items might be obtained without the use of money or at a reduced cost because other resources were used.

Students bring to class a cartoon that illustrates the use of resources (good or poor) to pin on the bulletin board for students to analyze.

Students list services they perform for themselves and other family members. Examples: shampooing and setting hair, pressing clothing, cleaning house, doing yard work, shopping, sewing, assisting with meal preparation. Students estimate the "money value" of these services.

Assignment: Write a description of the home environment which would contribute to the decision of students to drop out of school, run away from home and/or join a commune (hippie village).

Teacher and students summarize the management process and include the following:
Individuals and Families:

1. Examine individual and family values.
2. Establish individual and family goals which encourage self-direction and the development of potentialities.
3. Determine human and material resources available.
4. Carefully plan the use of resources to reach goals.
5. Systematically control the use of resources.
6. Evaluate periodically.

Some questions to consider in the evaluation:

1. Are there changes in values?
2. Should the goals take a new direction? Are there new and different needs?
3. Are there new resources, either human or material?
4. Did the plan used include provisions for emergencies and savings?
5. Was the management process humanely exercised?
6. Others.

Determine how to use the family income to the best advantage for all the family members.

Students re-examine the bulletin board, "Decisions, Decisions". (See Part III.)

Students list the basic needs of a family:

1. Physical
2. Psychological
3. Social and cultural
4. Educational
5. Economic

Students discuss each of the basic needs. Students role play or prepare a skit depicting a family council setting up a budget.

Evaluate skit or drama in the light of each person's needs. Students view a film strip, "A New Look at Budgeting".

Teacher assigns each student to keep a record of money received and spent for one week. (Will be evaluated and discussed later.)

Students construct bulletin board, "Keep Track of Your Dollars". (See Part III.)

Teacher defines budget as a systematic plan for using available money to obtain as many as possible of the things we want.

Students set up a plan for budgeting.

1. Estimate income available
2. Estimate expenditures
   a. Fixed payments
   b. Variable payments

Students discuss the reason for keeping a record of daily cash expenditures.

Teacher prepares mimeographed handouts of a form to use in analyzing a family's assets and liabilities. (See Part III.)

Students examine forms, then fill out to give a picture of their own financial situation.

Students consider the desirability of families periodically determining their assets and liabilities.

Students compile a list of records needed for filing income tax returns: list records of all income and receipts for payments of the following: state and local taxes; licenses; church contributions; charity; medical expenses; losses and thefts not covered by insurance.

Analyze the need for keeping family records.

Students discuss reasons for organizing records and storing them at home in metal files and in safe-deposit boxes in banks.

Designate types of records families should safeguard.

Students and teacher prepare a list of essential family records. Include the following:

1. Marriage license and birth certificates
2. Social security cards for each family member
3. Educational records - transcripts of courses and grades
4. Military discharge papers
5. Automobile records - title or bill of sale, warranties for batteries and tires
6. Insurance policies and annuities
7. Promissory notes
8. Real estate property
9. Securities - stocks and bonds
10. Copies of income tax reports including proof for deductions declared
11. Tax records - property (personal), real estate
12. Passports
13. Certificates of deposit, saving accounts records
14. Wills
15. Others

Students decide where each of the above items should be stored for accessibility and safety.

Examine laws related to settlement of property.

Students listen to a lawyer explain reasons for both husband and wife making wills and Arkansas laws regarding distribution of property at death of either husband or wife.

Interpret the values of starting a savings account.

Committee of students investigate local banks and savings and loan associations to determine:

1. Safety of savings
2. Rate of interest

3. Availability of savings for withdrawal
4. Intervals that interest is compounded

Class consider how the deposit of money for savings and investments may add to the family income.

Students listen to a speaker from a savings and loan company or savings department in the bank speak on the values of starting a savings account.

Students set-up individual goals for savings so that the adage "A penny saved is a penny earned" will be realized in their handling of money.

Interpret the kinds and choices of investments available to individuals.

Students analyze the types of bonds available:

1. U.S. Government - Bonds represent a promise to pay the face value of the bond at some time in the future, with yearly interest at a specified rate. Federal government bonds rank at the top as to quality.
2. Municipal Bonds - Bonds issued by states, counties, cities, school districts, villages, townships, and other governmental agencies. The unit that issues the bond is required by law to make provision to pay the interest and to pay the debt when it becomes due.
3. Foreign Bonds - Some investors are tempted to buy foreign bonds because the interest rates may be high. For the average investor, these bonds are not good investments because, in the past, some foreign governments have failed to pay their bonds when they have become due and have not made their interest payments regularly.

Students examine a government bond (Series E). Compute the amount of interest for a year on a $100 bond.

Committee of students consult superintendent or principal to find information related to financing construction of school buildings. Determine interest rate and time of retirement for bonds.

Students consider reasons that the purchase of foreign bonds may be a poor investment.

Recognize the potential of stock investments.

Students listen to a stock broker explain how stock markets operate. A group of students choose a stock and follow its progress through the newspaper and/or television coverage for a couple of weeks. Report to class.

Identify the types of stocks and the rights provided to preferred and common stockholders.

Teacher summarize the kinds of stocks and privileges of stock holders on chalk board.

1. Common stock - shares in a corporation
   a. Participate in earnings and in the election of a board of directors.
   b. Other rights may be sale of additional stock to original stockholders.
2. Preferred stock - shares in ownership of a corporation
   a. Receive stipulated and fixed share of profits before the common stockholders are paid their dividends.

Students discuss the differences between close and open corporations. Include the following:

1. Close corporations
   a. Usually owned by small group
   b. Minority share holders have little voice in management
   c. Dividends may be small
2. Open corporations
   a. Stock available for public sale
   b. Better market for these securities than for those of a close corporation

Teacher explains that corporation bonds are issued by businesses as an acknowledgement of a certain sum of money owed with an agreement to pay the sum on a certain date and under certain conditions, also includes an agreement to pay interest at a specified rate and at specified intervals.

Students study the types of corporation bonds: (See Part III.)

1. Coupon bonds
2. Registered bonds
3. Mortgage bonds
4. Debenture bonds
5. Convertible bonds
6. Callable bonds
7. Premium or discount bonds

Visualize the differences in returns from investments in corporation bonds and stocks.

Students develop a chart to compare corporation bonds and stocks.

Invite a resource person from a Mutual Funds Investment Company to discuss purposes of this type of investment.

Committee of students interview small business owners in the community to determine the number of small businesses which began operation in the past three years. Consider the advisability of investing in a small business.

Students list important factors to consider when planning to invest in real estate. Include the following:

1. Are there unsettled claims against property?
2. Have assessments or taxes been paid to date?
3. Are city improvements likely which will increase future assessments?
4. Are there zoning laws?
5. Is there a mortgage?
6. Is the mortgage transferable?
7. Have provisions been made for proper property insurance?
8. What are lawyer's fees?
9. Are all agreements in writing?

Students examine a mortgage note. Discuss the reasons that interest rates are higher on second and third mortgage notes.

Investment broker or banker discuss investment procedures which are considered safe and which provide a satisfactory income from the investment.

Identify places to save money to accumulate enough money to invest in bonds, stocks, real estate, or other forms of permanent investment.

Teacher review places for investing savings:

1. Commercial banks
2. Savings banks
3. Mutual savings banks
4. Industrial banks
5. Savings and loan associations
6. U.S. Savings Bonds - Series E and Series H
7. Credit Unions
8. Endowment insurance
9. Annuities

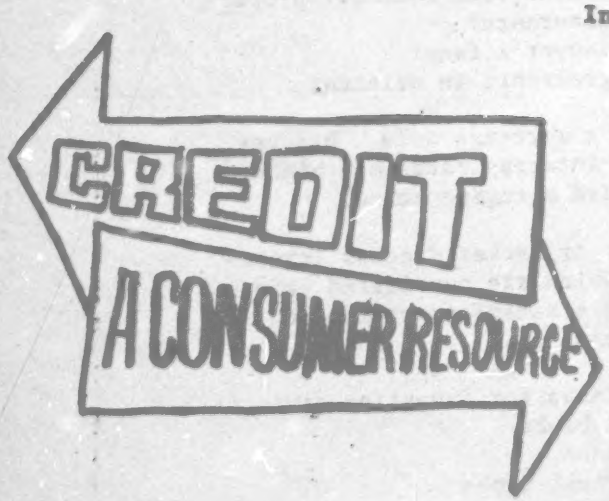
Summarize types of investments and factors to consider in selecting investments.

Students review possible goals for saving.

1. Buying a car
2. Further education
3. Marriage
4. Furnishing a home
5. Travel
6. Starting a business
7. Buying insurance
8. Investments in securities
9. Providing for emergencies
10. Paying cash for major items to save interest paid on installment buying
11. Vacation
12. Others

Students analyze chart, "Managing and Investing Finances is a Continuous Process". (See Part III.)

To summarize basic ideas in managing and investing the family income use bulletin board "Money Matters, People Count." (See Part III.) Include the following:



1. The monetary value of dollars is vastly outranked by many other values - love, friendship, compassion, empathy.
2. Money is a tool to assist individuals and families in providing for basic needs to enable them to grow and develop into useful persons.
3. Management is a process which contributes to stable family relationships and assists individuals in personal achievement.
4. Many decisions in using credit affect future decisions.
5. The cost of credit must be figured twice, the actual cost of using another person's money and the loss of income for other purposes while debt is being paid.
6. To do without immediate satisfactions in order to attain future goals is a sign of maturity.

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Concept 11: Individual and Family Protection Through Insurance

Generalizations:

1. The family may be protected from certain risks through the purchase of property and liability insurance.
2. In selecting a property and liability insurance company, essential information regarding its methods of doing business and settling claims is necessary for protection of the consumer.
3. Life insurance provides a fund for survivors and may result in a cash reserve for use in retirement years.
4. Health insurance against the most serious losses protects a family or individual against financial loss due to accident or illness.
5. Individuals and families need to select an agent who represents a financially sound, reputable company, and who is competent through experience and training for advising about insurance programs.
6. A life insurance program should provide adequate protection, provide adequate savings, and be within the buyers budget.
7. The social security system provides a minimum foundation upon which individuals may build additional protection for themselves through their own savings.
8. The program for health and medical care for all persons age 65 and over provides protection against the cost of hospital and related care.
9. Workmen's compensation, a state sponsored form of social security, protects against injury arising out of employment and sometimes against diseases due to the nature of the work.
10. Burial insurance provides family protection. The cost of funerals are dependent upon customs and laws.

Objectives	Learning Experiences
To interpret the nature of property and liability insurance.	Introduce unit with bulletin board, "Liability Insurance, Keys to Family Security". (See Part III.) Teacher explains that liability insurance protects the homeowner in three areas: 1. Comprehensive personal liability - (Example: bodily injury to others or damage to their property.) 2. Medical payments - (Example: accidental injury claims arising from action of homeowner.) 3. Physical damage to the property of others - (Examples: act may be committed on or off homeowner's property; homeowner may or may not be at fault.)

Students make a list of the advantages of purchasing insurance.

1. Family home may be destroyed by fire or tornado.
2. Family resources may be wiped out by a judgement resulting from lawsuit involving an automobile accident.
3. Others.

Assignments:
Students bring newspaper clippings which illustrate personal and property losses that may be covered by insurance.

Students make bulletin board of newspaper clippings dealing with personal and property loses (fires, automobile accidents, personal accidents, tornadoes, storms, thefts).

Each student interview three persons in the community who have had some type of loss (automobile accident, fire, storm), which may or may not have been covered by insurance. If there were insurance coverages, find out the steps the policyholders took in order to make their claims substantiated.

Students discuss the two types of property and liability insurance.

1. Stock - Stockholders own the company. They may or may not be policyholders. They may issue participating or non-participating policies. Holders of participating policies may receive dividends that reduce the cost of insurance to policyholders.
2. Mutual - Policyholders are the owners, there are no stockholders. Each person that is insured in a mutual insurance company becomes a member of the company and is entitled to a share in the ownership and control of the company.

Discuss purposes of state regulations of insurance companies. Include the following:

1. Each state has an insurance commissioner who makes sure the insurance companies keep sufficient reserves to pay all claims as they are presented by policyholders.

2. Protect insurance buyers from fraud.
3. Insurance companies are regulated as to the ways in which they can invest the money collected from policyholders.
4. State government retains rights to regulate insurance rates.

Analyze property insurance for the home.

Students research Arkansas regulations of insurance companies.

Students compare the different types of property and homeowners insurance.

1. Standard covers 11 perils
   Fire and ligthning; loss of damage to property removed from premises endangered by fire; windstorm or hail; explosion; riot; aircraft; vehicles if not owned or operated by occupant of premises; smoke or smudge caused by faulty cooking or heating unit; vandalism and malicious mischief; theft; breaking of glass in building.
2. Broad covers 19 perils
   Above perils plus falling objects; weight of ice, snow, sleet; collapse of building; accidental discharge from plumbing, heating, or air conditioning system; sudden or accidental tearing of steam or hot water heating system; sudden tearing of appliances for heating water for domestic consumption; freezing of plumbing equipment; sudden and accidental injury to electrical appliances, fixtures, and wiring.
3. Comprehensive covers all perils except earthquakes, landslides, floods, waves, tidal waters, backing up of sewers, war and nuclear radiation.

Students examine chart, "Factors Affecting Cost of Liability and Property Insurance". Three forms of coverage:

1. Standard Form - covers 11 perils; cost for 3 years $136.00.
2. Broad Form - covers 19 perils; cost for 3 years $174.00.
3. Comprehensive Form - covers all risks; cost for 3 years $371.00; $50.00 deductible on wind and hail; $100.00 deductible on all perils except fire and lightning.

Summarize selection of property and liability insurance companies.

Students discuss the following facts about property and liability insurance:

1. Property and liability insurance is possible through small payments collected from many people to pay unexpected losses that may occur to any one of the policyholders.
2. Property and liability insurance rates are determined primarily from past experiences.
3. The homeowners policy is the most economical way of insuring the homeowners against the perils of home ownership.
4. It is absolutely essential for the family to carry adequate automobile insurance.
5. The family should purchase property and liability insurance from a company known to be reputable and fair or from an agent in whom the family has complete confidence.

Describe insurance coverage for the automobile.

Teacher describes the six coverages of automobile insurance:

1. Bodily injury liability-all members of family are protected as well as those who drive the insured car with owners permission and members of the insured family are protected when driving another's car with the owner's permission.
2. Property damage liability- this coverage protects the insured whenever his automobile damages the property of others. It does not cover damage to the insured's automobile.
3. Medical payment coverage-covers all persons riding in insured car, and pays medical expenses for one year.
4. Comprehensive physical damage insurance-protects the insured against possible loss due to damage, but not collision damage or if the car is stolen.
5. Collision insurance-protects against damage to his own car as a result of collision, most expensive insurance coverage, unmarried male drivers under 25 pay the highest rate.
6. Protection against uninsured motorist-protects against hit-and-run and uninsured drivers.

Students discuss transparency, "A Summary Chart of Automobile Insurance Coverages". (See Part III.)

Students make a list of how automobile insurance may become void:

1. Car is taken into Mexico or other places outside the limits of the United States.
2. Explosives are carried.
3. Car pulls a trailer not covered by provisions of the insurance policy.
4. Individual fails to report an accident promptly and honestly in writing to the company.
5. Owner authorizes someone to agree for him to assume liability for injuries to any person or damages to other property (the best thing to do is to tell the other person that you are covered by insurance and will report it to your insurance company).
6. Individual is an authorized user of the car and does not protect the car and prevent it from further damage after an accident.
7. Individual fails to assist and cooperate with the insurance company in settling any claim.
8. Individuals fail to turn over to his insurance company every demand notice or legal summons received in connection with any accident.

Summarize automobile insurance coverage.

Teacher summarizes important facts concerning automobile insurance as follows:

1. No automobile owner or driver should be without automobile insurance.
2. Some states require that automobile owners and drivers have certain types of insurance.
3. Insurance rates charged by automobile insurance companies are based for the most part on what companies have had to pay out in claims over the last three-year period.
4. Statistics prove that drivers of a certain age and sex have more or fewer accidents than others. (The driver classification with the lowest rate is a family with no male driver under 25 years of age with the car not used for business and not driven to work.)

Interpret the technical terms used in life insurance.

Students view flip chart, "Life Insurance and the Family."

Define the following terms:

1. Life insurance - Provides a cash reserve or a continuous monthly income as protection against economic loss to a person's dependents or to his estate as a result of death.
2. Beneficiary - The person to whom an insurance policy is payable.
3. Insured - A person covered by an insurance policy.
4. Level premium - The insured pays the same payment of premium each year, thus equalizing the probability of death, which increases as the age of the insured increases.
5. Legal reserve - A continuous cash balance required of insurance companies by some states to make certain that funds will be available to pay the insured or his beneficiary when the policy becomes due.
6. Cash value - The insured share of reserve funds at the time he wishes to discontinue his insurance. (Also provides the basis for a policy loan that will enable the policy holder to meet an emergency or take advantage of an opportunity for which cash is needed.)
7. Insurable interest - Having enough interest in your own or someone elses life to insure it.

Identify the need for securing life insurance.

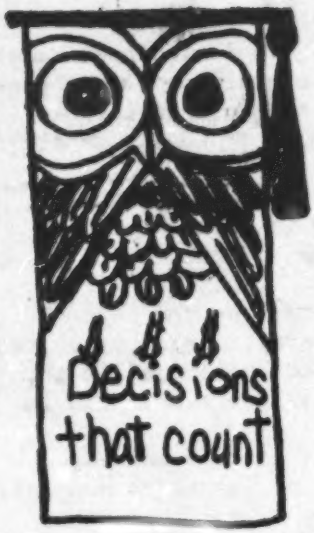
Students construct a bulletin board, "Puzzled by Insurance?". (See Part III.)

Committee of five students use a checklist and interview families to ascertain the kinds of insurance they have for protection. (Each member of committee interview at least five families). Compile information and study to determine if kinds of life insurance seem adequate.

Students view chart, "How Families Use Life Insurance". (See Part III.)

Class discuss two purposes of life insurance:

1. To protect against loss of income if policyholder were to die.
2. To build up savings to be used by policyholder and family during life.



Students listen to a local representative of a life insurance company talk to class about types of ordinary life insurance:

1. Term Insurance - Protection for a limited number of years (no savings or cash surrender value).
2. Straight Life Insurance - Insurance on which premiums are paid over an entire lifetime.
3. Limited Payment Life Insurance - Payments made for a specified period of time (20 or 30 years) after which time the policy is completely paid for and remains in force.
4. Endowment Insurance - Insured party pays a stated premium for a set number of years, after that time, he receives the amount of the policy.
5. Combination Life Insurance - Combination of various kinds of life insurance enabling the policyholder to change from one kind of insurance to another.
6. Annuity Contracts - A form of insurance whereby the individual pays a larger sum of money over a relatively short period of time in order to receive periodic payments at a future date.

Teacher contacts several insurance agents in the community and secure a copy of the latest annual report of each company. Students compare operation, success, and financial soundness.

Teacher reviews three major objectives for planning an insurance program. Include the following provisions:

1. Adequate protection for family's needs
2. Provision of savings through insurance
3. Premium payments fitted to income available in budget

Students discuss the necessity of selecting an agent who is capable of giving sound advice. (The Certified Life Underwriters Certificate entitles an agent to use the letter CLU after his name and indicates he is well informed about insurance.)

Students role play two situations:

1. A couple talking with a smooth-talking arrogant, over-persuasive agent who is eager to sell and makes poor recommendations.
2. A couple talking with an experienced well-trained, honorable agent who considers seriously the insurance needs of the client.

Analyse the privilege afforded one in borrowing from his life insurance policy.

Assignment: Committees research to find the following:

1. The procedure for borrowing on a life insurance policy.
2. How much can be borrowed?
3. The advantages and disadvantages of borrowing on a life insurance policy.

Student committee prepare chart, "Kinds of Insurance Contracts", and each committee member explains one kind to the class.

1. Ordinary - The amount is five hundred semi-yearly or yearly payments. It requires a physical examination. The cost is medium.
2. Industrial - The amount is one hundred dollars and up with weekly payments. It requires no physical examination and the cost is medium.
3. Group - The amount is five hundred dollars and up with payments deducted from wages. It requires no physical examination and the cost is low.
4. Savings Bank - The amount of two hundred fifty dollars and up with monthly, quarterly and yearly payments, requires a physical examination and the cost is low.

Teac[illegible] obtain four life insurance policies. Panel members discuss the following things about each policy:

1. Non-forfeiture value
2. Cash surrender value
3. Restriction on flying
4. Other special provisions

Differentiate between the different types of health insurance.

Assignment: Committee of students give oral reports to present the different types of health insurance. Include the following:

1. Hospital expense insurance - Provides benefits equal to all or part of the cost of a hospital room and board. The number of days covered by the policy are usually limited. Other benefits such as medication, X-ray services, and operating room services may be provided. This is the most widely used form of health insurance.
2. Surgical expense insurance - Provides for payment of surgical costs according to a schedule of fees payable for each type of operation. The nature of the operation determines the schedule of fees. Surgical expense insurance is the second most widely used form of health insurance.
3. General medical expense insurance - Provides benefits payable toward the expense of calls made by doctors at the hospital or at home or for visits by the patient at the doctor's office. The policy specifies the number of calls of each type which the insurance company will pay.
4. Major medical expense insurance - Designed to cover the major portion of the costs incurred as the result of a major illness or serious accident. Major medical is designed to begin where hospital, surgical and general medical insurance leave off. It replaces all or part of a wage earners lost income. Premiums are based on the amount of income that is to be replaced and the length of time payments will be made. Usually, there is a waiting period of some days or weeks before benefits are payable. For this reason most major medical policies have a deductible clause.

Teacher use filmstrip, "Dollars for Health" and "Dollars for Security" to summarize.

Committee of students investigate the cost of having a baby. Include doctor and hospital bills, clothing, equipment and paraphanalia, loss of income by mother. Report to class.

Interpret the value of social legislation.

Teacher defines social legislation as legislation enacted to provide security for persons throughout lifetime.

Early forms of social legislation:

1. Availability of up to 160 acres of free land, given by the government to any person who wished to be a farmer.
2. Provision for compensation of workmen for loss due to accidents and illness. (Workmen's compensation laws.)
3. Concern for old people without wealth or income was reflected in old-age pension laws.
4. Present Social Security Act involves two phases.
   a. Benefits for unemployment.
   b. Benfits for old age, death, the needy, the aged, dependent children and the blind.

Teacher explains background of major aspects of social legislation:

1. Characteristic of the American pioneer was his strong determination to be independent and economically self-supporting throughout his lifetime, beginning with his first gainful employment. He determined his own destiny by working for others as an employee, or by being self-employed. If he became disabled, he lived on his savings or his family took care of him.
2. The basic idea of Social Security is a simple one. During working years employees, their employers, and self-employed people pay Social Security contributions, which are pooled in three special funds. When earnings stop or are reduced because the worker retires, dies, or becomes disabled, monthly cash benefits are paid from these funds to replace part of the earning the family has lost.

Interpret the social security system.

Teacher invites a social security office employee to visit the class. Include the following information:

1. Persons covered
2. Unemployment insurance
3. Wage and tax deductions
4. Old age insurance benefits
5. Lump-sum death benefits
6. Benefits for wife and survivors

7. Disabled workers benefits
8. Medicare benefits

Illustrate that social security gives protection through savings.

Teacher gives background on social security payments so that students understand that:

1. Employee, employer, and self-employed individuals pay social security tax to the federal government, which in turn places the taxes on reserve fund from which social security benefits are paid to persons who qualify.
2. Social insurance programs do not provide complete economic security and plans for supplementing them should be made.

Analyze the program of health and medical care for the aged.

Students view film, "Medicare". (Local Social Security Office)

Discuss the following programs:

1. Old age, survivors and disability insurance program
2. Unemployment compensation program
3. Welfare or public assistance program

Students compare statistics for each program and show how much is paid each month to people in the community, city or county.

Gather information and prepare a report on:

1. The highlights of medicare
2. The need for supplemental health insurance
3. Free benefits for needy and aged people

Students make application for "Social Security Count Number", if feasible.

Teacher explains the necessity of obtaining a social security number in preparation for obtaining work.

Interpret workmen's compensation and illustrate how it protects the employee against injury and disease due to the nature of the job.

Students investigate the state laws affecting workman's compensation.

Teacher lists coverages for workmen's compensation.

1. Protection against injury arising out of employment.
2. Disease due to the nature of the work.
3. In some states employers are required to pay into the fund for the protection of the worker.

4. Laws of all states provide that all medical and hospital bills will be paid regardless of amount.
5. If injured, he will receive compensation each week while disabled.
6. In case of death of the worker resulting from an injury at work, the wife and children will receive weekly compensation.

Analyze the customs and laws related to funerals and interment.

Students discuss local customs related to funerals and interment.

Consider that customs do not force people to provide costly, elaborate funerals, but conformity at times seems to dictate this practice.

Teacher explains that laws require that a death certificate be obtained and that the body be either buried or cremated.

Interpret funeral and burial costs.

Committee of students interview funeral directors to obtain costs of funerals and interment.

Teacher makes two detailed lists of funeral costs for students to compare.

Moderate average funeral costs:

Metal and wood casket	$445.00
Embalming	45.00
Make-up	25.00
Clothing	65.00
	$580.00

Services:	
Use of chapel at funeral home	$125.00
Flowers	50.00
Organ Music	25.00
Minister's fee	35.00
	$235.00

Hearses and Cars:	
Moving the body to funeral	$ 25.00
Hearse	35.00
Two cars for family's trip to cemetery	50.00
	$110.00

Burial Cost:	
Burial plot	$300.00
Grave-digging	75.00
Vault	135.00
Tombstone	250.00
	$760,00
Total funeral costs	**$1685.00**
Less Expensive Funeral Costs:	
Simple casket	$ 90.00
Simple service	15.00
Hearse to pick up body	20.00
Hearse to cemetery	25.00
Burial Costs:	
Burial plot	$100.00
Grave-digging	75.00
Simple bronze grave marker	75.00
	$400.00
Cost of Funeral with Cremation:	
Simple wood casket	$ 50.00
Pickup of body	20.00
Cremation charge	80.00
Total funeral costs	**$150.00**

Teacher points out that there are several kinds of funeral insurance.

1. Burial insurance
2. Regular life insurance
3. Other assistance such as social security, Veteran's benefits, military personnel coverage (400.00 additional if person is serving in the Armed Forces at time of death and free burial in a National Cemetery.) and state workmen's compensation benefits if death was a result of an accident on a job.

Teacher and students consider planning ahead to avoid high cost funerals:

1. Investigate and join a memorial society.
   a. Availability in U.S., more than 100
   b. Costs as low as $230.00 for funeral, burial and plot
2. Explore possibility of becoming a member of a cooperative burial association.
   a. Almost anyone can belong
   b. Costs start at $200.00

3. Inquire if local unions provide funeral programs.
4. Plan to leave your body to science - Hospital or medical school may pay all burial costs other than a death certificate.

To summarize study of insurance, students develop and use TV's game, "Jeopardy". (One committee may construct the background and envelopes to hold questions, the second committee may decide upon categories of insurance to use, the third committee may develop questions and decide how many points each question is worth.) (See Part III.)

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3. Thal, Helen, Your Family and Its Money, Houghton-Mifflin Co., Boston, Mass., 1968, Chapter 10.

4. Wilson, Harmon and Elvin S. Eyster, Consumer Economic Problems, South-Western Publishing Co., Cincinnati, Ohio, 1966, Chapters 26-29.

SMART SPENDING AND SAVING

Concept 12: Financing Individual and Family Housing

Generalizations:

1. The advantages and disadvantages of buying an existing house (old or new), buying land and having a house built, or renting are related to the needs, desires, and resources of the specific individual or family. The problem faced by the family is to choose an alternative.
2. Housing financing is an integral part of the over-all financial management of a family and requires the making of rational decisions with regard to fitting housing expenditures within the family income.
3. The cost of credit for housing is affected by the rate of interest and length of amortization period.
4. Facts involved in the total cost of home ownership depend upon the sale price; whether housing is bought for cash or credit; the size and terms of the loan; and taxes, insurance, closing costs, depreciation, and maintenance.
5. Renting or leasing involves the legal rights, duties, and responsibilities of the landlord and the tenant.
6. The use of judgment in buying housing depends upon precise information in regard to legal documents--contracts, deeds, and mortgages.

Objectives	Learning Experiences
Use rational decisions in selecting housing.	Students view film, "A House is a Living Thing". Students evaluate bulletin board, "A House is a Living Thing". (See Part III.) Students study references. Compare the advantages and disadvantages of buying an existing house, buying land and having a house built, or of renting in relation to the needs, desires, and resources of an individual or family. Teacher explain that housing costs more than any other item (initial costs plus maintenance) in the budget, and that buying a house is apt to be the major economic investment for a family. Students list advantages of owning housing. 1. The family has a feeling of security, pride, prestige, and ego satisfaction in home ownership. 2. The family has a house to show for the money invested.

3. The family has opportunity for creativity and individual expression.
4. Home ownership may contribute to greater interest in civic and social affairs in community.
5. Others.

Students discuss how the decision to buy housing includes choices: new or used house, shell house, mobile home, pre-fabricated house, apartment unit in cooperative housing.

Students think through factors which may affect family decision:

1. Amount of repair needed in used home.
2. Cost in relation to new house.
3. Ability and skill of family to improve used houses and complete shell houses.
4. Location and neighborhood of dwelling.
5. Availability and quality of pre-fabricated houses.
6. Age of occupants and proximity to job or cultural center.
7. Others.

Teacher prepares several problems in housing related to family life-cycle. Students present reports which point up housing needs of:

1. Newlyweds (beginning family)
2. Child-bearing family
3. Child-rearing family
4. Teenage dominating family
5. Mature years of parents

Students prepare bulletin board, "Types of Housing".

Discuss the following:

1. Buying for cash - Decide percentage of income to be expended for housing.
2. Cost of home in relation to annual income - No more than 2 1/2 times annual income of major bread winner.
3. The down payment - 20 to 25% of purchase price of house is a conservative estimate.
4. Monthly payments - May include principle, interest, insurance and taxes.
5. Initial occupancy costs - May include draperies, rugs, shrubs, and seeding of lawn.

Students view chart, "Analysis of Financing Home Ownership Versus Renting". (See Part III.)

Analyze the availability of housing in community.

Students clip or copy from local and state newspapers advertisements which list housing for rent and for sale. Students discuss availability of housing.

Teacher points out that landlords and real estate developers may use discriminatory practices in regard to children and pets.

Illustrate that family needs are factors to consider in selecting housing.

Teacher and students set up three hypothetical family situations. Include the following factors: Family income; goals; family composition; breadwinner's employment; others. On basis of these factors, decide if it is more feasible for these families to rent, buy or remodel.

Students view a film, "What You Should Know Before You Buy a Home".

Invite a resource person (real estate broker or realtor) to discuss the assistance real estate agencies provide to families in locating houses to buy or rent and in handling of legal details involved in sales transactions and financial costs.

Students make a list of questions which include an analysis of closing costs, rate of taxes in community and probable insurance rates.

Summarize that certain factors are involved in the decision to buy a house or to rent.

Students recall that buying a home is probably the largest single financial investment that a family will undertake.

Teacher and students summarize points related to buying a home:

1. Cost of house compatible with family budget.
2. The permanence of father's occupation.
3. The stability of real estate market, particularly the rate of interest.
4. Amount of money available for down payment.

Teacher puts up bulletin board, "Housing Finance Terms", to lead into study of financial aspects of housing. (See Part III.)

Teacher defines mortgage as a contract between buyer and lender.

Students report on types of mortgages and sources of loans. Present in form of a panel.

1. Types of mortgages
   a. Partial payment mortgages-periodic payments of a part of the principle and the accumulated interest
   b. Package deals-payments include interest and principle as well as insurance and taxes
2. Sources of loans
   a. Savings and loan association, life insurance companies
   b. Banks, trust companies
   c. Mortgage companies, private lenders

Students view transparency to summarize, "Outstanding Mortgage Loans by Type of Lender". (See Part III.)

Teacher secure forms for applying for a real estate loan. Students fill out forms.

1. Second mortgage borrowing involves a second mortgage on property when unable to get a first mortgage that covers the full cost. (paying on two loans at one time may be a financial burden)
2. Land contracts are written agreements which stipulate that buyers make down payment and agree to pay full purchase price in installments.
3. Amortized loans provide that the borrower pays a fixed mo thly installment which includes interest and a portion of the principle thus insuring that the principle is repaid in full by a pre-determined date.
4. Appraisal of property involves the examination and setting of value.
5. Closing costs include fees charged for legal paperwork and legal checking involved in transfer of property.
6. Property taxes are levied by city governments and may be included in the monthly payments on mortgage.
7. Collateral is a term designating the security pledged for the payment of a loan.

8. Earnest money is a cash deposit signifying the intent of buyer to purchase property if he can secure financing.

Identify real estate loans secured through the government.

Students obtain the latest information in regard to regulations, procedures, and rates pertaining to loans for veterans from the nearest Veterans Administration office or from the Veterans Administration in Washington, D.C. Secure information relative to the "generous terms, low-interest mortgages, and very low closing costs" which may be available when one buys a home from the V.A. on which there has been a foreclosure because the first owner could not meet his financial obligation.

Students study the advertisements of real estate for sale in local newspaper or in the newspaper from a nearby larger city. Students make a list of the prices of houses so that cost may be compared for houses of different sizes and in different locations. Note information in the advertisements about V.A., F.H.A., and conventional types of financing. Students report to class.

Summarize financing the purchase of a home.

Invite a resource person from a building and loan company or local bank to discuss basis for credit, rates of interest, types of loans, lengths of amortization period, closing costs and others.

Interpret the legal aspects of leasing or renting a home.

Committee of students do research and explain the terms landlord, tenant, lease, leasor, and leasee.

Second committee of students role play rights and duties of landlord and rights and duties of the tenant.

Students listen to lawyer explain legal aspects of renting or buying housing.

Identify the legal aspects of purchasing a home.

Teacher prepare a flip chart to reinforce the following:

1. Real estate agreements
2. Title to real estate
3. Deeds, the written evidence of title
4. Sales contract
5. Escrow

Display a collection of legal papers for students to study. (Deeds, abstracts, loan notes, mortgage papers, etc.)

Student reports:

1. Rights and duties of mortgagor and the mortgagee
2. Mortgage foreclosure
3. Claims against real estate

Summarize the legal problems of obtaining a home.

Students visit the office of the register of deeds at the county courthouse. Obtain information about the procedure for recording deeds and mortgages. Write a paper about the procedure to be followed and the fees charged.

Students visit the office of an apartment building or talk with the manager of an apartment development. Find out whether a written lease issued when a new tenant moves into one of the apartments is necessary, the length of the tenancy period, who must make repairs to the property, the manner in which payments are made, and other conditions and agreements stated in the lease.

Explore advantages and disadvantages of buying a mobile home.

Students take a field trip to a mobile home court or park.

Students investigate cost of mobile homes. Include the following:

1. Initial cost
2. Installation fees
3. Insurance
4. Operation costs - utilities, others
5. Restrictions
6. Zoning laws
7. Depreciation and resale value
8. Moving costs from one locality to another
9. Adequacy in meeting family needs
10. Others

References:

1. Agan, Tessie and Elaine Luchsinger, The House, J.B. Lippincott Co., New York and Philadelphia, 1965, Chapters 15-18.

2. Readers Digest Editors, How to Live on Your Income, Readers Digest Association, Inc., 1970, Chapters 8-12.

3. Smith, Carlton and Richard Putnam Pratt and Editors of Time-Life Books, The Time-Life Book of Family Finance, Time Inc., Chapter 7.

4. Troelstrup, Arch W., The Consumer in American Society, McGraw-Hill Book Company, 1970, Chapter 10.

5. Wilson, Harmon W. and Elvin S. Eyster, Consumer Economic Problems, South-Western Publishing Co., Cincinnati, Ohio, 1966, Chapters 30, 31 and 32.

Concept 13: Financing Individual and Family Transportation

Generalizations:

1. As an accepted part of American life, the automobile provides transportation to work, shopping centers, recreatinnal areas, vacation trips, church and school.
2. The cost of buying, maintaining and operating a car is one of the major items in the family budget.
3. Persons who live in city apartments and/or housing developments with access to public transportation may find the cost of renting a car for weekend trips a better investment than ownership.
4. The safe operation of a car and adequate insurance may protect individuals and families from personal and monetary hardships.

Objectives	Learning Experiences
Analyze reasons for owning a car.	Each student list reasons for owning a car. Teacher compile on chalkboard the reasons listed by students. Students discuss validity of reasons and separate items into needs and wants. Students consider the availability of other forms of transportation for getting to work, school and shopping centers.
Identify factors to consider in buying or purchasing a car.	Students and teacher prepare a list of questions for individuals to reflect on before purchasing a car. Include the following: 1. Will the car be used for local transportation, business, recreation, vacation trips?

2. How much can be spent for a car without severely limiting the purchase of other needs?
3. What are some of the guides for the selection of the type of engine?
4. What body style is most compatible with the individual or family's needs?
5. What optionals contribute to the safety and comfort of passengers and the ease of operation?
6. Are there optionals which contribute only to aesthetic and prestige values?
7. Will a used car fulfill the family's needs? Will the maintenance cost of a used car be a major factor in operation?
8. How will the car be financed?
9. When is the best time to buy a car?
10. What does the warranty mean?
11. Why should one shop for a dealer?
12. Will renting a car rather than owning one be more economical?

Compare costs involved in buying a new car, used car, or renting a car.

Students form into committees to study the cost of buying a new car, used car, or renting a car.

Committees visit local car dealers to find current information regarding the following:

1. Purchase cost including down payment and interest rate.
2. License
3. Taxes
4. Operation cost
5. Maintenance
6. Safety ratings
7. Depreciation and trade-in value
8. Rental costs

Discuss with salesmen, the dealers and the buyers responsibilities in car transactions.

Students present findings to class and compare and evaluate results.

Students examine handout sheets, "The Buyer Checks Out a Used Car and a Dealer". (See Part III.) Add other pertinent information. Use check sheet to examine used cars.

Students use "Price Comparison Work Sheets" to compare cost of cars of similar size and

body type. (See Part III.) Evaluate the information.

Examine advertising tactics used in sales promotions of cars.

Students prepare a bulletin board of pictures advertising the latest models of cars. Examine advertisement for type of information given and type of appeal presented.

Explore costs of financing a car.

Students listen to a symposium composed of a car dealer, bank official and representative from a loan company discuss costs of buying a car on credit, and if it is cheaper to pay cash.

Students ask symposium members to explain "no fault" insurance now in effect in some states and to discuss why lawyers are opposing this aspect of liability coverage.

Identify risks in operating cars.

Students discuss individual's responsibilities in curbing traffic problems.

Students collect pictures and articles dealing with car wrecks, arrests and law suits and pin on bulletin board. Analyze probable causes of each. Cite examples of behavior which tend to prevent car and motorcycle accidents:

1. Driver's education
2. Obeying traffic signals
3. Observing speed limits
4. Keeping car in repair
5. Driving under influence of alcohol or drugs
6. Others

Invite a law official to discuss causes of wrecks, basis for arrests and penalties and fines involved.

Students recall types of car insurance studied earlier.

Teacher obtain copies of automobile insurance policies from local insurance companies. Students examine coverages and evaluate costs.

Students use late magazines to find current information on operation costs of a car.

Students interview parents and neighbors to see proportion of budget allocated to transportation.

Students prepare a budget for the purchase and operation of the car of their choice. (May keep record of family car for one month.) Estimate the amount spent on operation for one year. Add to payments to find total cost. Discuss depreciation values of car. Consider ways to use in selecting a reputable dealer.

Students and teacher find short stories in Readers Digest and other magazines which illustrate values and goals pertaining to choice of transportation.

Teacher leads students to summarize that a clear understanding of the difference between wants and needs and the total cost of transportation may assist individuals in making satisfying decisions in budgeting of resources for transportation.

Review the rights and responsibilities of consumers.

Students discuss the results of consumer advocate Ralph Nader's crusade for safer automobiles.

Cite statistics which seem to indicate a trend in reduction of deaths in automobile accidents. Consider the role of safety research and development in the automobile industry.

Discuss Mr. Nader's current crusade to obtain a family car that can survive minor bumps and scrapes not only with occupants intact, but with no serious damage to the machine itself.

Students review the rights of consumers expressed by President Kennedy in 1962:

1. The right to be informed
2. The right to choose
3. The right to safety
4. The right to be heard

Recall some of the responsibilities of consumers:

1. Understanding of ones values and goals
2. Gathering information from sources other than advertising agencies
3. Evaluating alternatives critically
4. Using credit responsibly
5. Using consumer goods without infringing

upon the rights of others (considering safety and pollution control in operation of consumer goods)

6. Others

NOTE TO TEACHER:

As mentioned in the organization and use of the guide, the areas of food and clothing are not included. If students wish to study or review the study in these areas, curriculum materials from the guides for teaching the comprehensive and semester courses in foods and clothing may be adapted and used.

To tie loose ends and present a comprehensive viewpoint, use the chart preceding the units of instruction. Students may find "A Plan for Student Participation in Evaluating a Course of Study" useful. (See Part III.)

References:

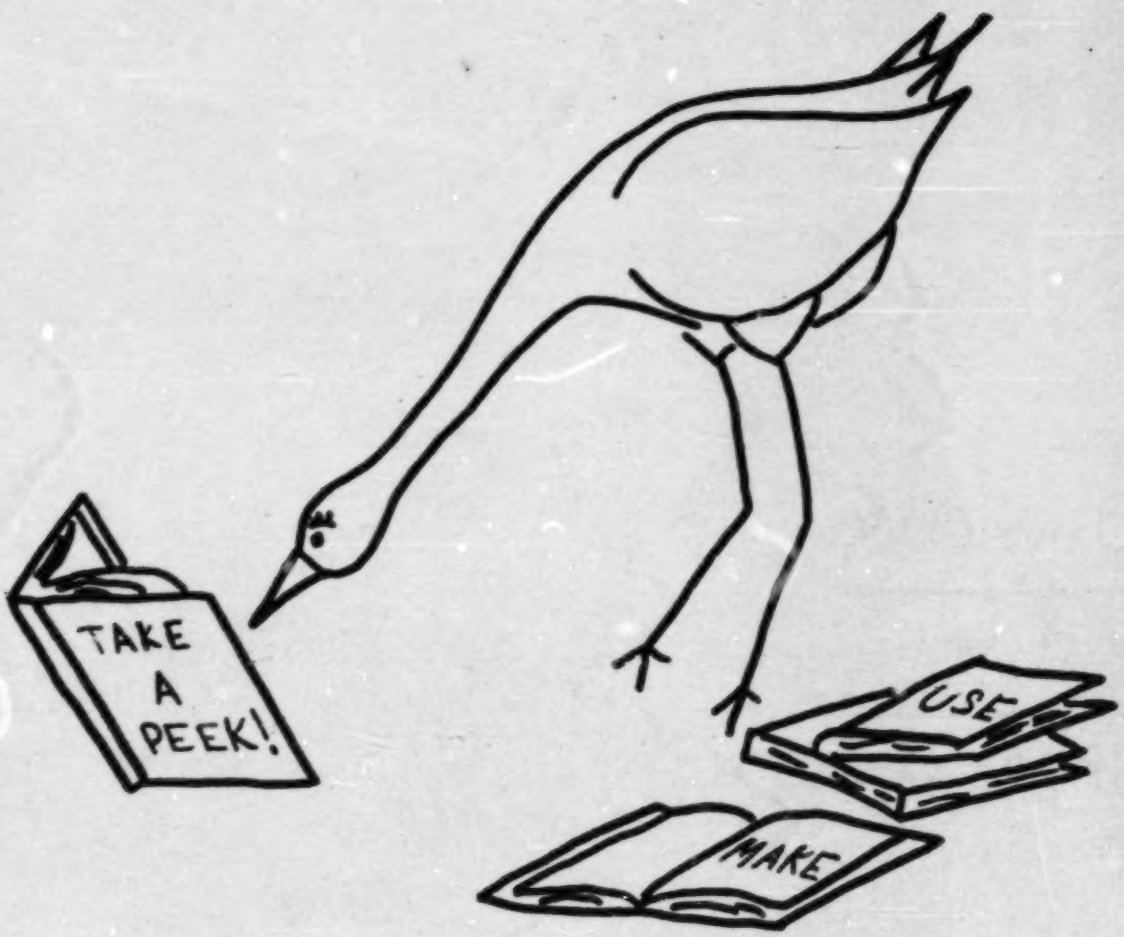
1. Readers Digest Editors, How to Live on Your Income, Readers Digest Association, Inc., 1970, Chapter 7.

2. Smith, Carlton and Richard Putnam Pratt and the Editors of Time-Life Books, The Time-Life Book of Family Finance, Time Inc., 1969, Chapter 4.

3. Troelstrup, Arch W., The Consumer in American Society, Fourth Edition, McGraw-Hill Book Co., 1970, Chapter 6, 11.

PART III

INSTRUCTIONAL MEDIA



CONSUMER EDUCATION OPINION POLL

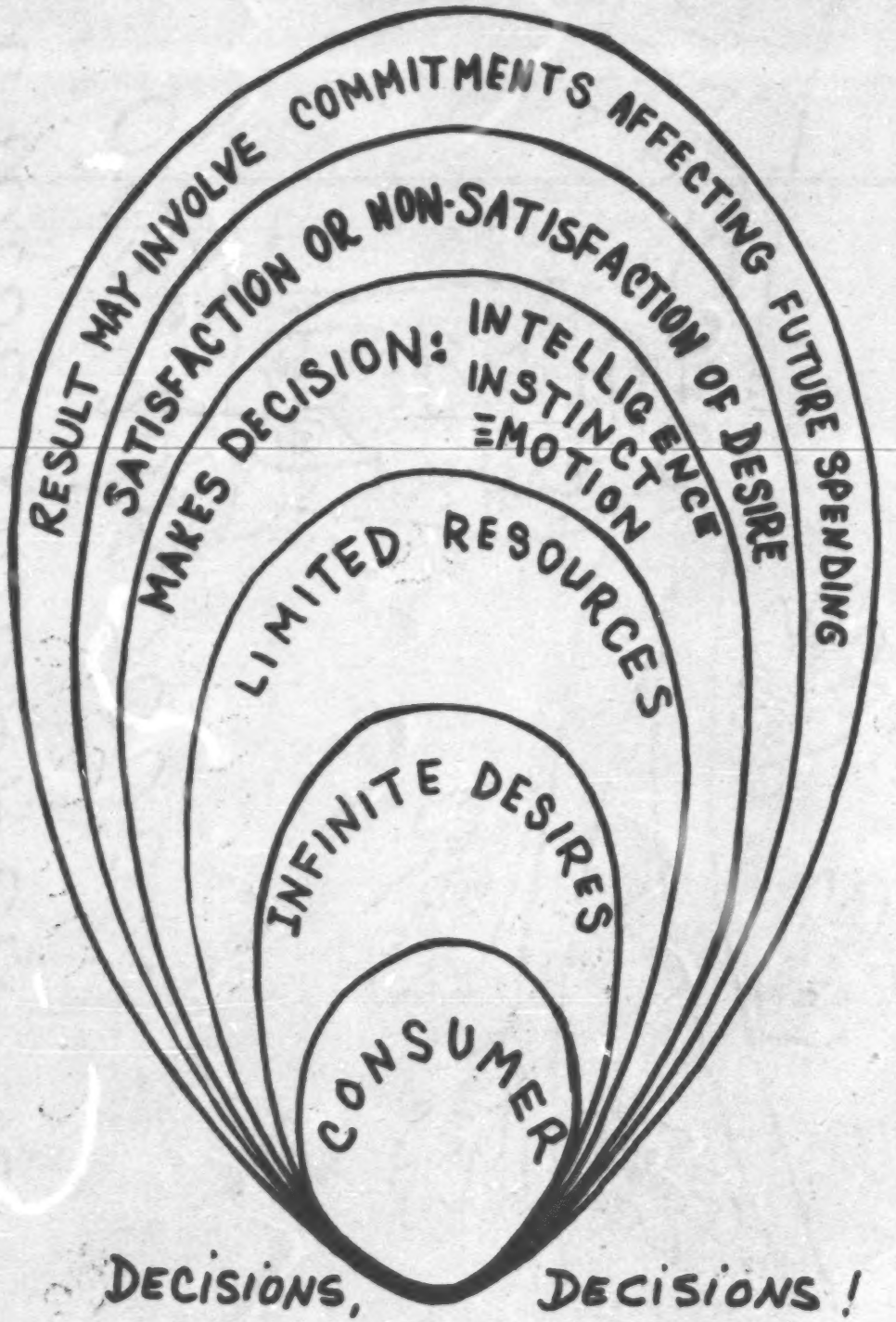
Check the appropriate column based on your opinion, not what someone else might think.

Statement	Agree	Disagree	Undecided
1. Misuse of credit can create serious problems which lead to financial difficulties.	____	____	____
2. Consumer credit is essential for individuals and families to achieve long range goals.	____	____	____
3. The present trend is to use more cash and less credit.	____	____	____
4. Men purchase most of the goods consumed by American families.	____	____	____
5. The purpose of advertising is to stimulate the sale of goods and services.	____	____	____
6. Credit charges add very little to the cost of a garment.	____	____	____
7. Most of the leading advertising agencies now have psychologists and psychiatrists on their payrolls.	____	____	____
8. People buy more when they feel prosperous.	____	____	____
9. Advertising is constructive and indispensable in our economy.	____	____	____
10. Children actively influence the family's buying decisions.	____	____	____
11. Young married couples who are hoping to start a family should try to live on only one income.	____	____	____
12. Careful shopping begins at home, free from the distraction and temptation of the store.	____	____	____
13. Credit customers tend to shop where they have charge accounts.	____	____	____

Statement	Agree	Disagree	Undecided
14. Radio and television have a stimulating effect upon sales.	____	____	____
15. Charge accounts should be available for teenagers.	____	____	____
16. The use of a credit rating is a valuable financial asset.	____	____	____
17. The purpose of some government agencies is to protect consumer rights.	____	____	____
18. The consumer indirectly pays for trading stamps.	____	____	____
19. The stability of our economy is little affected by consumer action.	____	____	____
20. Children need parental guidance in spending an allowance.	____	____	____
21. Highest prices indicate highest quality.	____	____	____
22. Our system of mass production contributes to the high quality of consumer goods and services available.	____	____	____
23. Budgeting the spending of an allowance is the first step in shopping.	____	____	____
24. Security and happiness depend primarily upon the amount rather than the use of income.	____	____	____
25. Impulse buying is a thrifty method of shopping.	____	____	____
26. One will get the most for his money when shopping at discount stores.	____	____	____
27. Credit buying enables one to have more items than cash buying.	____	____	____
28. The government services provided for the consumer are free.	____	____	____

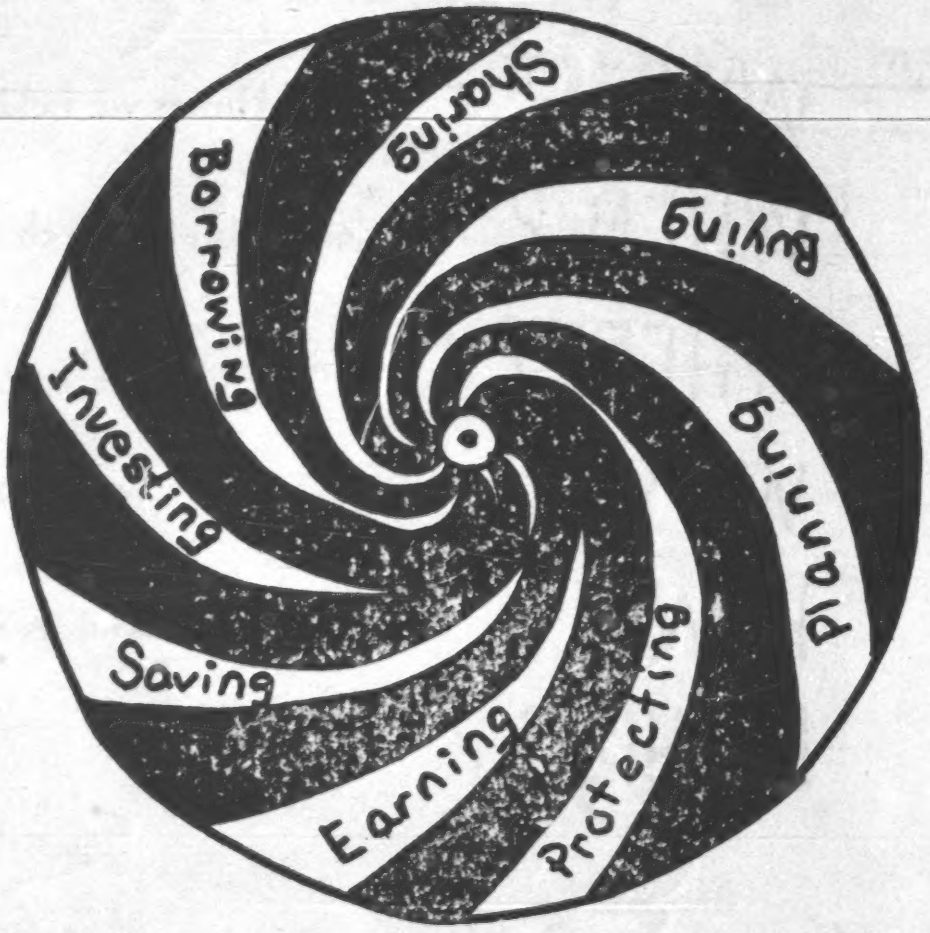
Concept 1 The Process of Decision Making in Relation to Consumer Behavior

121



Concept 1: The Process of Decision Making in Relation to Consumer Behavior

Consumer Spiral



MAKE SPIRAL OUT OF CARDBOARD AND ATTACH IN CENTER TO ALLOW SPIRAL TO TURN FREELY.

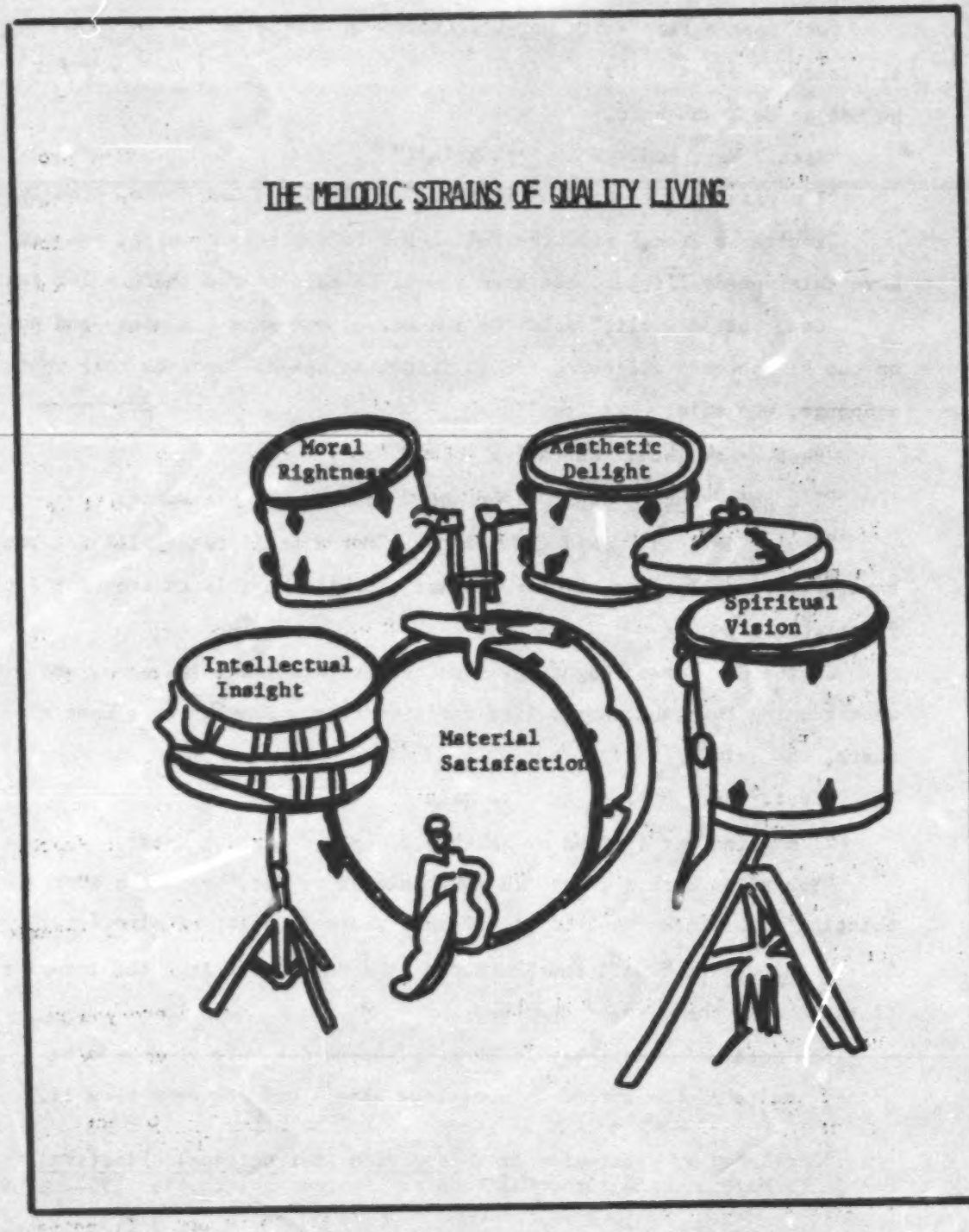
Concept 1: The Process of Decision Making in Relation to Consumer Behavior

YOU ARE WHAT YOU VALUE

WHAT ?	The things we hold dear
WHEN ?	From birth to death
WHERE?	Environment
WHY ?	Code of behavior
HOW ?	By trial and error
RESULTS ?	Goals

Values → Goals → Decisions → Style of Life

Concept 2: The Relationship of Values and Goals to Economic Competence



Concept 2: The Relationship of Values and Goals to Economic Competence

STORY OF A SEA HORSE[1]

Once upon a time a Sea Horse gathered up his seven pieces of eight and cantered out to find his fortune. Before he had traveled very far he met an Eel, who said,

"Psst. Hey, bud. Where 'ya goin'?"

"I'm going out to find my fortune," replied the Sea Horse, proudly.

"You're in luck," said the Eel. "For four pieces of eight you can have this speedy flipper, and then you'll be able to get there a lot faster."

"Gee, that's swell," said the Sea Horse, and paid the money and put on the flipper and slithered off at twice the speed. Soon he came upon a Sponge, who said,

"Psst. Hey, bud. Where 'ya goin'?"

"I'm going out to find my fortune," replied the Sea Horse.

"You're in luck," said the Sponge. "For a small fee I will let you have this jet-propelled scooter so that you will be able to travel a lot faster."

So the Sea Horse bought the scooter with his remaining money and went zooming through the sea five times as fast. Soon he came upon a Shark, who said,

"Psst. Hey, bud. Where 'ya goin'?"

"I'm going out to find my fortune," replied the Sea Horse.

"You're in luck. If you'll take this short cut," said the Shark, pointing to his open mouth, "you'll save yourself a lot of time."

"Gee, thanks," said the Sea Horse, and zoomed off into the interior of the Shark, there to be devoured.

The moral of this fable is that if you're not sure where you're going, you're liable to end up someplace else - and not even know it.

[1]Reprinted by permission from Preparing Instructional Objectives, Robert F. Mager. Palo Alto, California: Fearon Publishers. 1962. p. vii.

Concept 2: The Relationship of Values and Goals to Economic Competence

THE COST OF HOME COOKING[1]

Carol and Larry were recently married. Larry works at a local service station and Carol works at a nearby factory.

By the time Carol gets home from work every night she is exhausted. As she enters the house she is usually greeted by the familiar words of her husband, "What's for supper tonight, honey?"

Carol begins at once to prepare her meal by getting out the convenience foods and taking the packaged mixes from the cupboard shelf.

Let's listen to their discussion tonight:

"Carol, I wish you could cook like my mother. She never used any of those mixes. I'll even bet you could save lots of money if you made things yourself instead of using thoseconvenience foods, and you know we need to save all the money that we can."

"So you think that convenience foods are more expensive? While I'm preparing supper why don't you read this pamphlet that I just ordered? See if what it has to say about convenience foods changes your mind."

Larry sits down with the pamphlet and begins to read. "This is interesting. I really hadn't thought of it in this way. I guess we do have to count the cost of your time.

"It says right here that preparation time is less for these convenience foods than those prepared at home. In home prepared foods one must consider the amount of time used in reading directions, peeling, cutting, stirring, measuring, pouring, putting on and removing from the range, and serving and cleaning up."

"Sometimes the food cost of convenience foods is actually less than the cost of the ingredients for home-prepared products because of the efficiency possible in mass production. It says that the average 'convenience food' meal, for four, costs $2.23 and is prepared in 32 minutes while the average home-prepared meal costs $2.00 but takes on the average 1 hour and 59 minutes to prepare. When you value the time of the homemaker at $1.40 per hour, you are actually saving 38% of the total cost in using prepared foods."

"And just think, Larry," says Carol, "if I had to prepare a complete meal after I came home from work, we wouldn't be eating until nine or ten o'clock. How would your stomach like that? If it took me that long to prepare supper I wouldn't have time to do the cleaning, ironing and all the

[1]Reprinted from Illinois Teacher for Contemporary Roles. Urbana, Illinois: Division of Home Economics Education, University of Illinois. Vol. XIII, No. 2, November-December, 1969. pp. 84-85.

other things that I have to do tonight. Of course, if you would like, I could send the ironing out and have a cleaning lady come in every day so that I could spend more time preparing your meals."

"No, Carol," says Larry, "I think you're the wise one. I wonder why my mother doesn't use convenience foods."

"I don't know. There's something else you will have to remember, too," says Carol. "I haven't had as much experience in preparing food as your mother. I'm probably saving us lots of indigestion pains by using convenience foods."

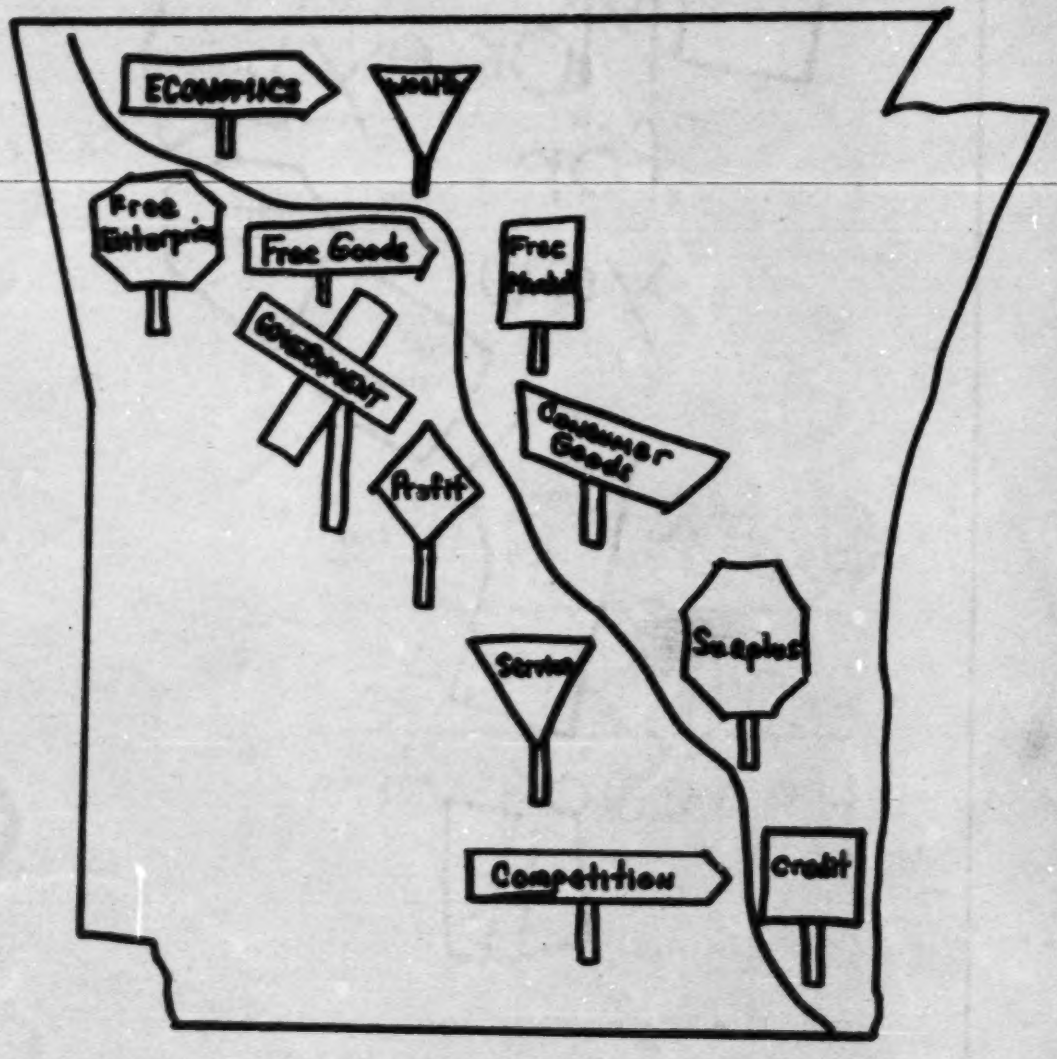
They both laugh as they sit down to eat their "convenience meal."

This story could be followed by another one about a couple who loved to cook as a hobby, saved money on food, had dishes they could not have bought and into which they put extra nutritive values, etc.

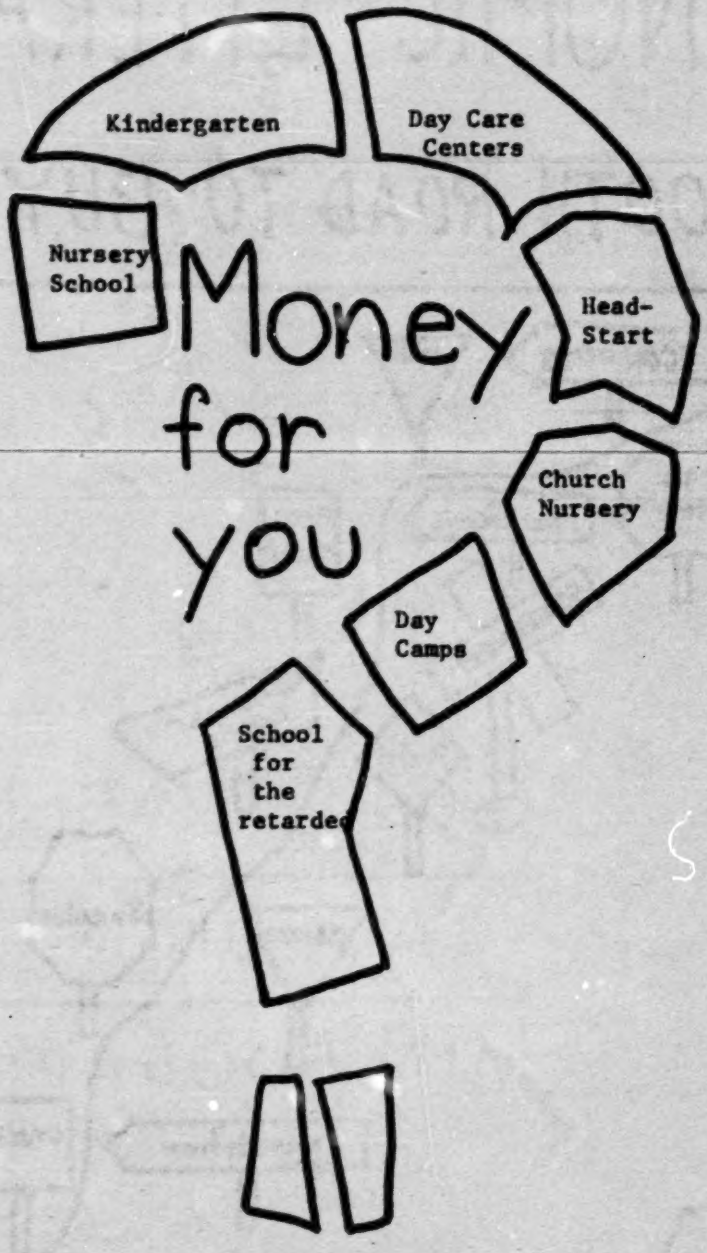
After students have read both, a discussion could reveal which appealed more and why. Differing viewpoints could be supported and respected. The role of values in decision-making could be pointed out.

ECONOMIC LITERACY

A SMOOTH ROAD TO BUYING



Concept 3: Influences of the American Economic System on Individual and Family Consumption



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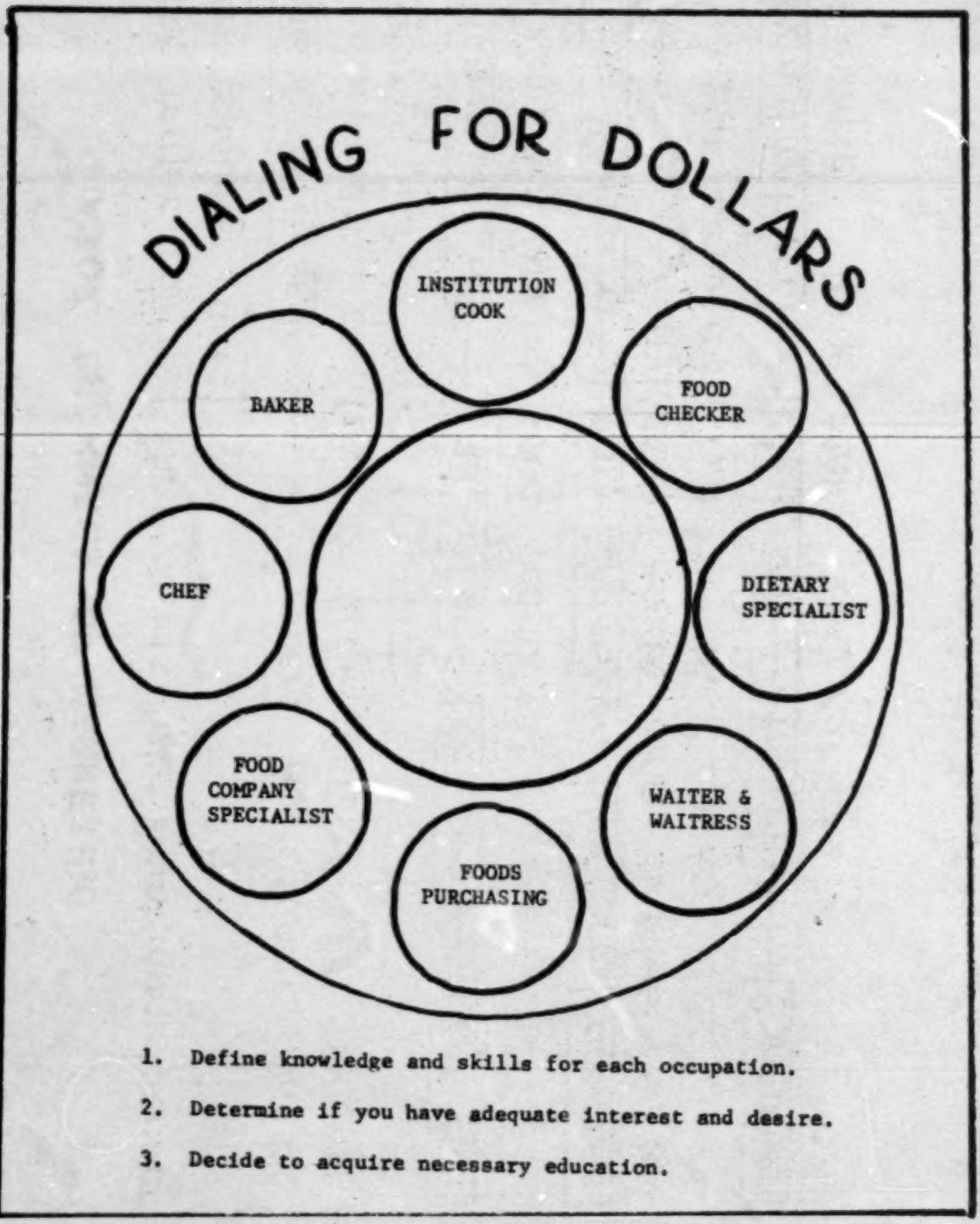
Concept 3: Influences of the American Economic System on Individual and Family Consumption



1. Define knowledge and skills for each occupation.
2. Determine if you have adequate interest and desire.
3. Decide to acquire necessary education.

Concept 3: Influences of the American Economic System on Individual and Family Consumption

MAJOR CHANNELS OF MARKETING

The major routes that goods take from manufacturer to consumer are:

1. Manufacturer → Consumer A consumer may be either an individual or an industrial user. Example: many agricultural products.

2. Manufacturer → Wholesaler → Retailer → Consumer
   Example: many food products.

3. Manufacturer → Agent → Wholesaler → Retailer → Consumer
   Agent is a commission man who serves as a liaison between two of the above.

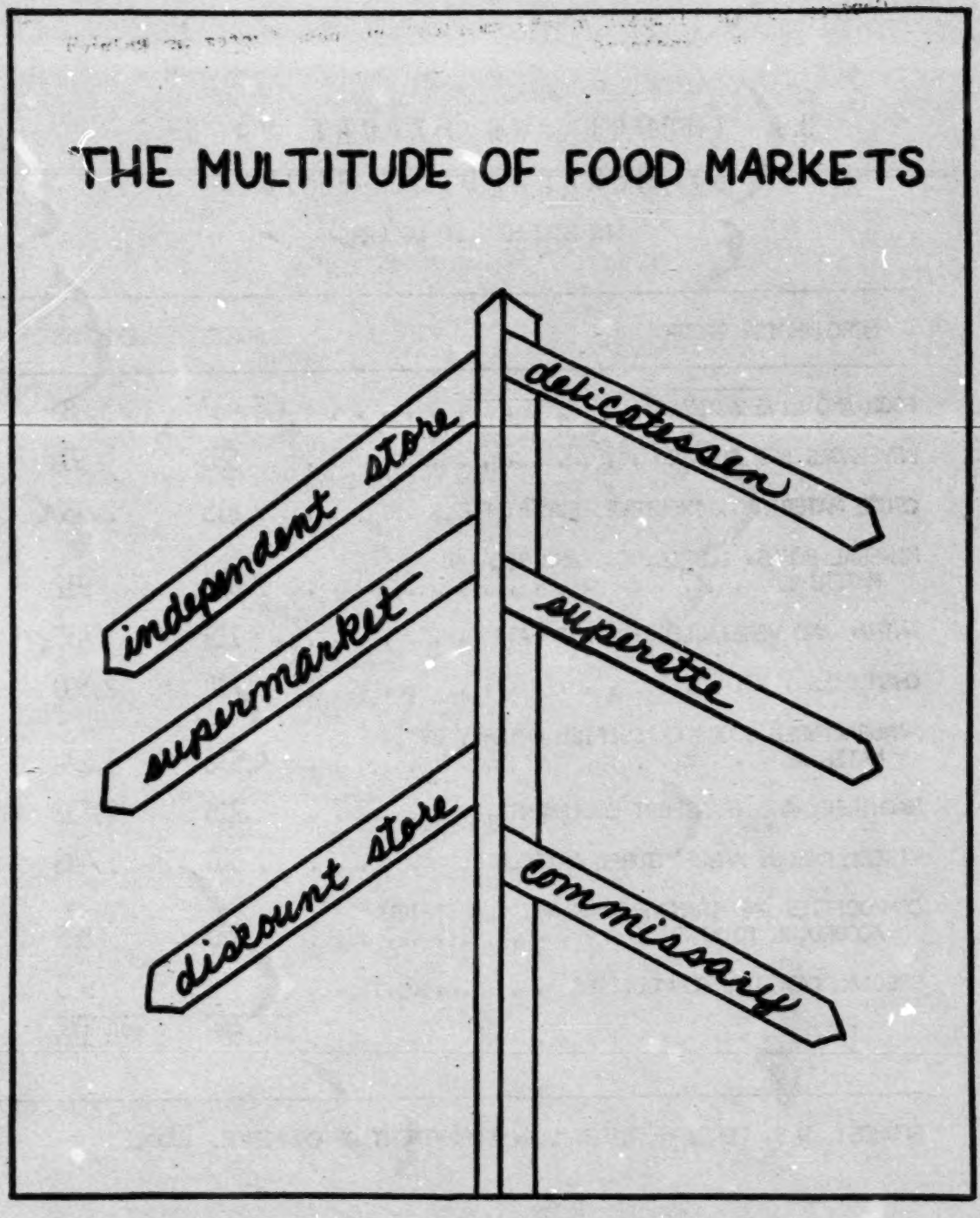
4. Manufacturer → Large scale retailer → Consumer
   Example: large scale supermarkets.

U.S. IMPORT AND EXPORT VALUES BY MERCHANDISE GROUPS

(IN MILLIONS OF DOLLARS)

MERCHANDISE GROUP	IMPORTS	EXPORTS
FOOD AND LIVE ANIMALS	$ 3,487	$ 3,983
BEVERAGES AND TOBACCO	536	554
CRUDE MATERIALS, INEDIBLE, EXCEPT FUELS	2,815	2,950
MINERAL FUELS, LUBRICANTS, AND RELATED MATERIALS	2,030	912
ANIMAL AND VEGETABLE OILS AND FATS	119	435
CHEMICALS	714	2,390
MANUFACTURED GOODS CLASSIFIED CHIEFLY BY MATERIAL	4,538	3,224
MACHINERY AND TRANSPORT EQUIPMENT	2,216	9,337
MISCELLANEOUS MANUFACTURED ARTICLES	1,640	1,448
COMMODITIES AND TRANSACTIONS NOT CLASSIFIED ACCORDING TO KIND	590	865
SPECIAL CATEGORY COMMODITIES		965
TOTAL	$18,684	$26,136

SOURCE: U.S. FOREIGN TRADE, U.S. DEPARTMENT OF COMMERCE, 1965.



Concept 4: An Analysis of the American Business System as Related to Consumerism

MANAGEMENT AND LABOR RELATIONS

The Pro's and Con's of Collective Bargaining

The core of industrial relations in our country is collective bargaining between employer and union.

In 1947, Congress passed the Labor Management Relations Act, commonly called the Taft-Hartley Act. The intent was to balance the interests of labor, management, and the public.

The Taft-Hartley Act included these things:

1. Lists unfair union practices.
2. Prohibits closed shop agreements.
3. Puts restrictions on strikes, boycotts, and picketing.
4. Revives the use of injunctions where strikes threaten national security.

Pros and Cons for collective bargaining

Pros

1. Workers have equality of bargaining powers with employers.
2. When individuals bargain, wages for the entire group tend to be set by workers who will accept wages that may have no relation to productivity.
3. Since the supply of labor usually is greater than the demand, collective bargaining is necessary to obtain fair wages.
4. Strikes are prevented if both parties do not violate the contract.
5. A long-term contract may make it possible for an employer to know what his labor costs will be and gives employees job or wage security.

Cons

1. Employers contend that unions demand too much and threaten to destroy profits.
2. Unions interfer with the decision-making authority of management.
3. Unions tend to destroy loyalty of employees to the employer.
4. The employer considers himself generous and kind to his employees and considers it an insult for a union to want to speak for and negotiate for his employees.
5. The human aspects of management are being destroyed, and labor is being separated and divided from management because there are collective spokesmen.

A contract between labor and management contains specific statements of agreement relative to a number of points. (A sample contract is shown on the following page.)

CONTRACT
BETWEEN
LABOR AND MANAGEMENT

1. Wages
2. Hours
3. Working Conditions
4. Fringe Benefits
5. Hiring, Firing
6. Procedures for Handling. . . .
   a. Grievances
   b. Layoffs
   c. Disciplinary problems
   d. Reinstatements
7. Contract Negotiations

WHY WOMEN WORK

More than 31 million women are in the labor force today because their talents and skills are needed by the American economy. The development of new industries and expansion of other industries have opened new doors for women in business, the professions, and the production of goods and services.

Decisions of individual women to seek employment outside the home are usually based on economic reasons. Most women in the labor force work because they or their families need the money they can earn--some work to raise family living standards above the level of poverty or deprivation; others, to help meet rising costs of food, education for their children, medical care, and the like. Relatively few women have the option of working solely for personal fulfillment.

Millions of the women who were in the labor force in March 1969 worked to support themselves or others. This was true of the majority of the 6.5 million single women workers. Nearly all the 5.8 million women workers who were widowed, divorced, or separated from their husbands--particularly the women who were also raising children--were working for compelling economic reasons. In addition, the 2.2 million married women workers whose husbands had incomes of less than 3,00 in 1968 certainly worked because of economic need. If we take into account those women whose husbands had incomes between $3,000 and $5,000 (which is still below the $6,567 considered necessary even for a low standard of living for an urban family of four), about 2.6 million women are added. The marital status of women workers in March 1969 follows:

Women in the labor force in March 1969

Marital status	All women		Women of minority races	
	Number	Percent distribution	Number	Percent distribution
Total	29,898,000	100.0	3,797,000	100.0
Single	6,501,000	21.7	817,000	21.5
Married (husband present)	17,595,000	58.9	1,853,000	48.8
Husband's 1968 income:				
Below $3,000	2,199,000	7.4	380,000	10.0
$3,000 - $4,999	2,604,000	8.7	479,000	12.6
$5,000 - $6,999	3,924,000	13.1	460,000	12.1
$7,000 and over	8,868,000	29.7	534,000	14.1
Married (husband absent)	1,505,000	5.0	555,000	14.6
Widowed	2,504,000	8.4	345,000	9.1
Divorced	1,793,000	6.0	227,000	6.0

Concept 4: An Analysis of the American Business System as Related to Consumerism

Among the 3.8 million women of minority races who were workers in March 1969, more than half (51 percent) were single, divorced, widowed, or separated from their husbands, and almost a fourth (23 percent)were wives whose husbands had 1968 incomes below $5,000. In fact, only 14 percent of all women workers of minority races were wives whose husbands had incomes of $7,000 or over.

Women heads of families.--Of the 50.5 million families in March 1969, 5.4 million were headed by a woman. Fifty-two percent of the women family heads were in the labor force, and more than three-fifths of these women workers were the sole support of their families. About a third of all families headed by a woman had incomes of less than $3,000 in 1968. A fourth of all women family heads were members of minority races; the median family income of such families in 1968 was $3,140, as compared with $5,160 for families headed by a white woman.

Mothers with husband present.--Of the 17.6 million married woman (husband present) who were in the labor force in March 1969, 9.7 million had children under 18 years of age. About 2 million of these mothers--766,000 whose husbands had incomes in 1968 of less than $3,000 and 1.3 million whose husbands had incomes between $3,000 and $5,000--were helping to support their children. In fact, 24 percent of the 3.6 million working wives with children under 6 years of age and 19 percent of the 6.1 million working wives with children 6 to 17 years of age (none under 6) had husbands whose income were less than $5,000.

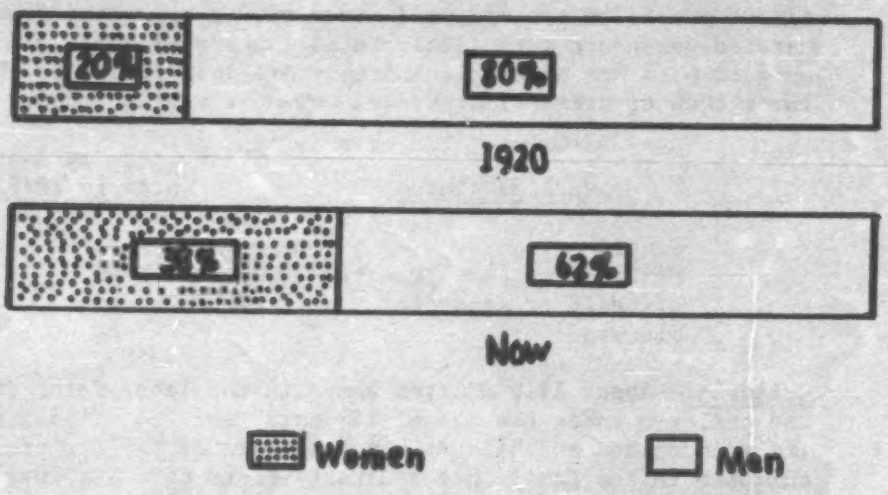
Wives whose husbands are unemployed or unable to work.--In the 43.8 million husband-wife families in March 1969, 621,000 husbands were unemployed and 5.7 million husbands were not in the labor force. About 276,000 wives of unemployed husbands and more than a million wives whose husbands were not in the labor force were working or seeking work. Many of these women were the sole support of their families.

Women whose husbands are employed in low-wage occupations.--There were 694,000 married women at work in March 1969 whose husbands were farmworkers; another 767,000 had husbands working as nonfarm laborers; and 925,000 had husbands employed in service occupations. The median wage or salary income of men in these three major occupation groups was low in 1968. Among farmworkers it was below the poverty level, and among nonfarm laborers it was barely above.

WOMEN WORKERS TODAY

The 31 million women who are in the labor force today are a cross section of all American woman. They are of all ages from 16 to 70 or more and of every race and color. They live on farms, in suburbs, and in central cities. They include the married, the single, the widowed, and the divorced or separated.

During the last 50 years the ranks of women workers have risen from only 1 out of 5 to almost 2 out of 5 of all American workers:



Over this period the profile of the average woman worker has changed greatly—from that of the young (28) single factory worker or clerk of 1920 to that of the older (39) married woman of today who may be found in any of a great many occupations.

American women supply many of the workers needed today for growing industries. Their services are equally necessary to the continued smooth functioning of vital health and educational services, factories, stores, and offices. They contribute substantially to the incomes of their families. What kinds of women are they? What jobs do they hold? What are their job patterns? What do they earn?

The likelihood that a woman will be a worker varies considerably according to her age, marital and family status, education, race, and, if married, her husband's income.

Age.—A woman is most likely to be working if she is young and has finished her schooling or if she is mature (35 years and over) and has no young children. She is less apt to work if she is a teenager, is in her childbearing years, or is 65 years of age or over:

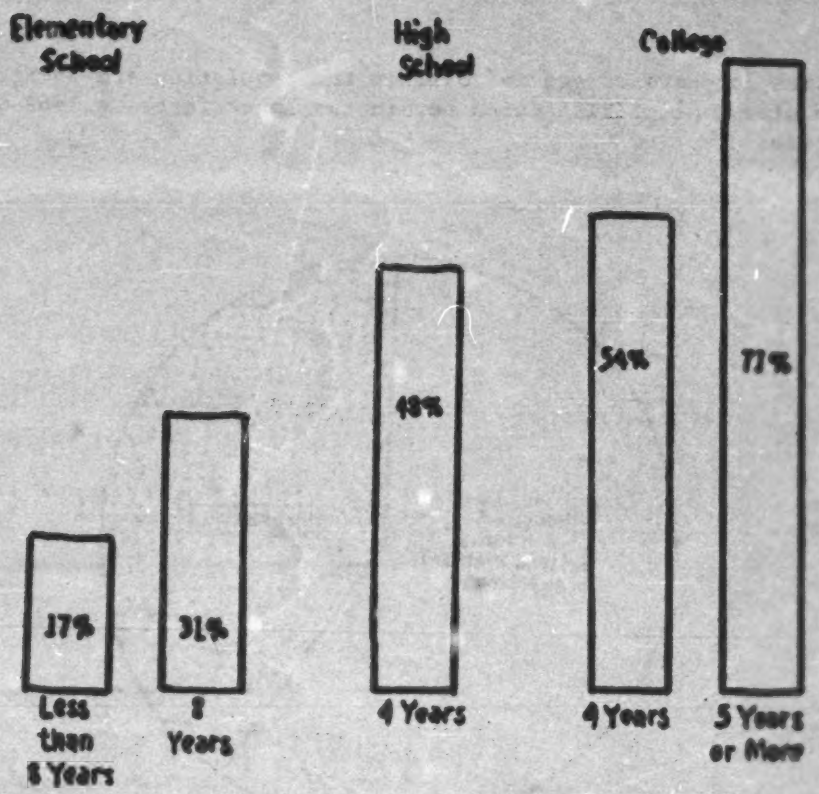
Age	Percent in labor force in 1969
16 to 19 years	43
20 to 24 years	57
25 to 34 years	44
35 to 44 years	50
45 to 54 years	54
55 to 64 years	43
65 years and over	10
18 to 64 years	49

Marital status.--Almost three-fifths of all women workers are married and living with their husbands; more than one-fifth are single; and almost one-fifth are widowed, divorced, or separated from their husbands. Married women are more likely to be workers than are widows (a great many of whom are elderly), but they are less likely to be in the labor force than divorced or separated women or single women:

Marital status	Percent in labor force in 1969
Single	51
Married (husband present)	40
Divorced or separated	62
Widowed	26

Children.--About 11.6 million women in the labor force in March 1969 had children under the age of 18 years, but 7.4 million of these working mothers had no children under the age of 6. The presence of young children in the family has a direct effect on the mother's labor force participation. Among married women living with their husbands, only about 3 out of 10 of those with children under 6 years of age but 5 out of 10 of those with school-age children only are workers. Among widows, divorcees, and women separated from their husbands, however, the chances of being in the labor force are about even for those with children under 6 and rise to about 2 out of 3 for those with school-age children only.

Education.--Two-thirds of all women workers have at least a high school education, and more than 1 out of 10 is a college graduate. Generally the more education a woman has, the more likely she is to be in the labor force. In March 1968, labor force participation rates of women ranged from 17 percent for those with less than 5 years of school completed to 71 percent for those with 5 years or more of college:



Race.--About one-eighth of all women workers are Negro.* The labor force participation rates of Negro women are generally higher than those of white woman. Half of all Negro women 16 years of age and over were in the labor force in 1969 (42 percent white), as were 57 percent of Negro women in the usual working ages of 18 to 64 years (49 percent white).

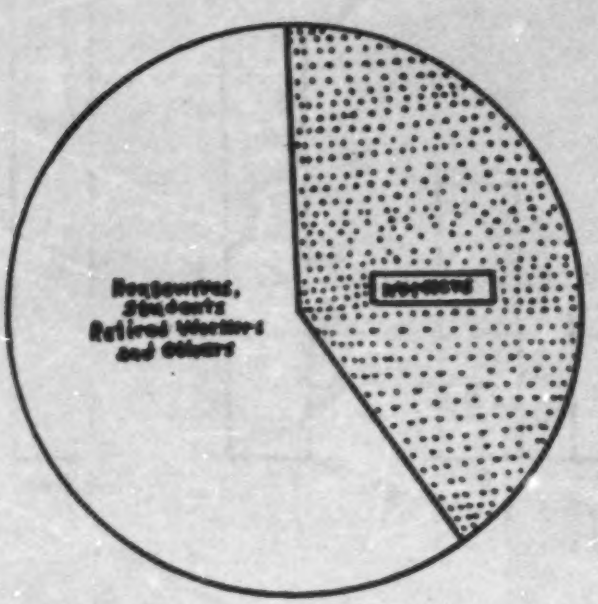
Husband's income.--A married woman is most apt to be working if her husband's income is between $5,000 and $6,999 (45 percent) and least apt to be working if her husband's income is either below $3,000 (35 percent) or $10,000 or over (33 percent).

EMPLOYMENT CHARACTERISTICS OF WOMEN WORKERS

Worklife patterns.--Typically a woman enters the labor force after she has finished her schooling, works for a few years, and leaves the labor force when she marries or has her first child. Then after her children are in school or are grown, she either goes back to paid employment or undertakes some type of community service. The return of mature women to the labor force has been a vital factor in the tremendous increase in the number of women workers in recent years--currently 43 percent of

* Negro and other races (except white).

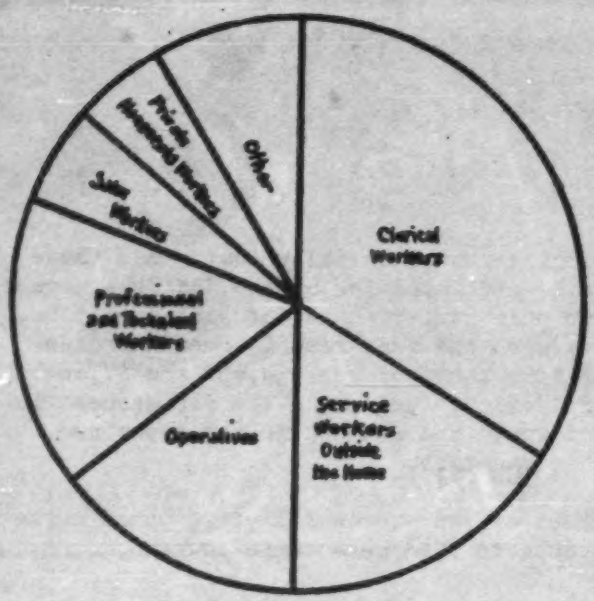
all women 16 years of age and over in the population are workers. Most of the almost 41 million women not in the labor force in 1969 were keeping house:



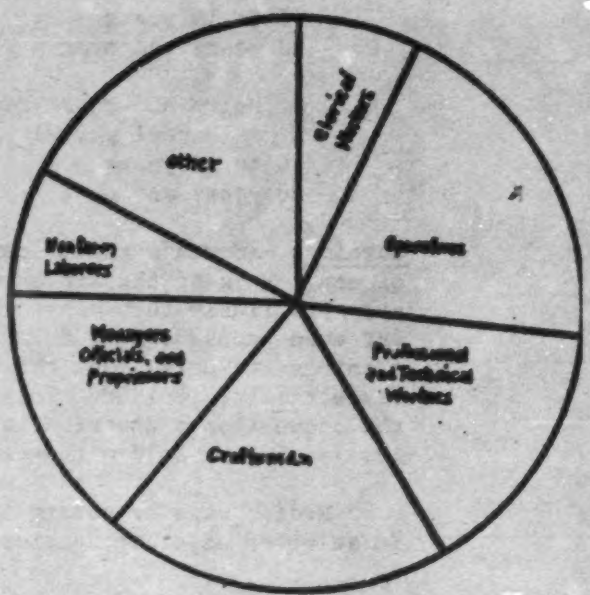
Full-time and full-year workers.--About 7 out of 10 women workers have full-time jobs at some time during the year, but only about 4 out of 10 work at full-time jobs the year round. Girls 16 to 19 years of age, most of whom are in school, are least likely to be year-round full-time workers (8 percent in 1968), while women 45 to 64 years of age are the most likely to be so employed (54 percent in 1968).

Part-time workers.--Part-time employment frequently is preferred by married women with family responsibilities (expecially women with young children), by students, and by women 65 years of age and over. During recent years the shortage of skilled workers in many occupations has provided increasing opportunities for part-time as well as full-time workers. Thus, 11 million women worked at part-time jobs at some time during 1968. Part-time work is most common among farm, private household, and sales workers. But many women also hold part-time jobs as waitresses or cooks; stenographer, typists, or secretaries; teachers; and medical or other health workers.

Occupations.--As shown in the following chart for employed workers in 1969, the occupational distribution of women is very different from that of men:



Women



Men

Women are more apt than men to be white-collar workers, but the jobs they hold are usually less skilled and less well paid than those of men. Women professional workers are most apt to be teachers, nurses, and other health workers, while men are most frequently employed in professions other than teaching and health. Women are less likely than men to be managers and officials, and are far more likely to be clerical workers.

Only 1 out of 6 women workers is employed in a blue-collar job, but almost half the men are in such jobs. Women are almost as likely as men to be factory workers, but are very seldom employed as skilled craftsmen, the occupation group for 1 out of 5 men workers.

More than 1 out of 5 women but only 1 out of 14 men workers is a service worker. Three-fourths of the women and virtually all of the men service workers are employed in occupations other than private household work.

Unemployment.---Unemployment rates are consistently higher for women than for men, for teenagers than for adults, and for Negroes than for whites:

Race and age	Average percent unemployed in 1969	
	Women	Men
All races	4.7	2.8
16 to 19 years	13.3	11.4
20 years and over	3.7	2.1
Negro and other races (except white)	7.8	5.3
16 to 19 years	27.7	21.3
20 years and over	5.8	3.7

Earnings.--Women's annual earnings are substantially lower than those of men. Much of the difference is accounted for by the fact that women are more likely than men to have only part-time and/or part-year jobs. But even among workers fully employed the year round, women's median earnings are only about three-fifths those of men--$4,457 and $7,664, respectively, in 1968. This gap reflects primarily the differences in the occupational distribution of women and men and in the types and levels of jobs held within each occupation.

Median wage or salary incomes of year-round full-time women workers in selected major occupation groups in 1968 were as follows:

Major occupation group	Income	As percent of men's income
Professional and technical workers	$6,691	66
Nonfarm managers	5,635	54
Clerical workers	4,789	65
Operatives	3,991	59
Sales workers	3,461	40
Service workers (except private household)	3,332	55

Contributions to family income.--The contributions of working wives are of crucial importance where they raise family income above the poverty level or from a low to a middle range. Only 3 percent of all husband-wife families had incomes below $3,000 in 1968 when the wife was a worker; 10 percent, when she was not.

Among all working wives, the median contribution to family income in 1968 was more than one-fourth; among those who worked year round full time, three-eighths.

OUTLOOK FOR WOMEN WORKERS

Shortages of skilled workers in many professional and technical, clerical, and service occupations provide excellent opportunities for

qualified women workers. Legislation enacted during the past decade barring discrimination in employment on the basis of sex should open up new opportunities for women to train for and enter more diversified jobs and to advance to jobs of higher skill level.

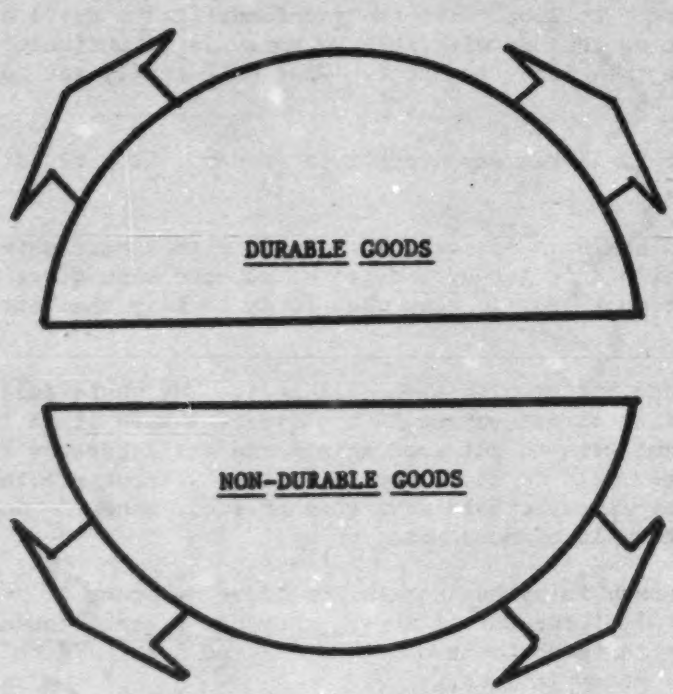
New job opportunities, advances in the educational attainment of women, greater longevity of women, and increased use of household appliances and convenience foods all point to a continuation of the trend toward increased labor force participation of women if the American economy continues its present rate of growth.

Note.--Figures are from the U.S. Department of Commerce, Bureau of the Census, and U.S. Department of Labor, Bureau of Labor Statistics.

Charts by Westinghouse Electric Corp.

Concept 4: An Analysis of the American Business System as Related to Consumerism

1. Automobile
2. House
3. Furniture
4. Refrigerator
5. Boat
6. Lawn Mower



1. Food
2. Gasoline
3. Clothing
4. Curtains
5. Tires
6. Cosmetics

Students mount pictures of durable and non-durable goods.

Concept 5: The Relationship of the National Income, Money and Banks to Consumer Practices

MY MONEY IS MY BUSINESS

Reba J. Davis

Dear Teacher:

My money is my business. I want you to understand this. What I do with my own money is my own doing.

I got a job the other month. My pay check was smaller than I thought it would be. It looks like the government takes quite a chunk of my money. What do they do with it? My money is my business so I need to know where this money is spent. What do I really get for this money? I want to know.

The rest of that little pay check is my money. It's my business what I do with it.

It's my boss' business if someone comes in with a garnishment for my bills that I didn't get around to; or someone else makes a complaint against me; so I want to know what to do to keep them out of my money business.

My pocket rides better with a $5 bill in it. My whole self feels better and I can look almost anyone in the eye if I know it is there. I need to learn some ways to get some things and still have my "security bucks" too. Can you help me learn how to do this without preaching to me, "You know everybody should save some of their money." God knows, I don't get ahold of much money anyway!

Besides, my money is my business! Sometimes my money is my friends business. If I run out of money, they don't come around as much; or they have to spend their money on me; and I am hard to get along with when my money is gone.

My family depends on me to help out with some things. When I spend my money on family things, it's their business too. I need to learn how to decide about how much should go that way.

There must be lots of ways to make my money work for me instead of against me. I want to know how to do this.

I don't want anyone telling me what to buy. What I spend is my business. I need to know how to get what I want from money I have and can get.

I want to know!

Your student,

Concept 5: The Relationship of the National Income, Money and Banks to Consumer Practices

MARKETING TIPS FOR STUDENTS

1. To help you keep well fed and healthy:

   A. Try to eat some food from each of these four groups every day:

      1. Milk and foods made from milk (at least one pint)

      2. Meat, poultry, fish, eggs, dry beans, peas, and peanut butter (2 helpings)

      3. Vegetables and fruits (4 helpings with a good source of vitamin A and C)

      4. Bread and cereals that are whole grain and marked enriched.

   B. To round out meals use:

      1. Extra helpings of economical foods from the four groups such as dry beans, potatoes, breads and cereals.

      2. Add foods not in the groups but be sure they are not empty calories.

2. Before you shop:

   A. Consult Thursday's state newspaper for a list of plentiful foods in Arkansas. This feature is prepared by the U. S. Department of Agriculture and gives ideas for using these foods.

   B. Read the ads in the local newspaper to find specials and good buys. Incorporate these in your menu plans.

   C. Plan the food you are going to eat. Your source of protein and the foods that taste good together.

   D. Keep an inventory of food on hand so you will not let food waste.

   E. Write out a shopping list. Keep the non-food items separate so you will have a clear picture of what you are paying for food.

   F. Set aside a budget for entertaining and stay within that figure.

3. When you shop:

   A. Set aside a regular time to shop.

      1. Not oftener than once a week.

      2. Preferably twice a month.

      3. Allow plenty of time.

      4. Be sure you are not hungry.

Concept 5: The Relationship of the National Income, Money and Banks to Consumer Practices

4. During your shopping:

A. You will find non-fat dry milk contains the protein, the calcium, phosphorous as well as niacin and riboflavin of whole milk and is much cheaper. Combining reconstituted non-fat milk and whole milk makes a delicious drink. Since powdered milk can be stored on the shelf indefinitely until reconstituted, this saves refrigerator space.

B. Beware of cheese food. Learn to read the labels; cheese food does not have to contain very much cheese and may be a great disappointment in flavor.

C. Use lower grade canned fruits and vegetables when they are going to be cut up or cooked in casseroles or mixtures. Example: Broken or ragged pineapple slices for sweet and sour pork.

D. While non-enriched, white milled rice may cost less than converted or enriched. It is lower in food value and therefore may not be a bargain.

E. There is little difference in the food value in tender and less tender cuts of meat and all meat can be made palatable through proper cookery. Watch out for meat with lots of fat: sausages, hamburger, etc., to be sure you can use the fat as the meat will shrink a great deal during cooking.

F. If you are not a vegetarian, to make meat go further, use in dishes with less expensive foods such as macaroni, noodles, rice, potatoes.

G. Experience is the best teacher in any type of buying but here are a few general rules that may help you select vegetables:

1. Don't buy fresh vegetables simply because the price is low. It doesn't pay to buy more vegetables than you can use without waste. Most fresh vegetables can be stored from 2 to 5 days except root vegetables which will keep from one to six weeks.

2. It is "penny foolish" to buy fresh vegetables affected by decay. A few cents extra for vegetables in good condition is a good investment. Neither does crisping replace the vitamins lost in wilting.

3. Be careful to prevent injury to fresh vegetables when you are picking them out in the store. The consumer pays for carelessness in the long run.

4. Be sure to check the label on canned, frozen and dried vegetables. Besides describing contents of the package, the label may tell you the grade, variety, size, and maturity of the vegetables; seasonings; number of servings; cooking directions; and give recipes or serving ideas.

5. Don't buy cans that leak or bulge at either end. Bulging or swelling indicate spoilage. Dents in cans do not harm the contents unless they have actually pierced through the can or sprung the seam.

6. Packages of frozen vegetables should be firm. Limp, wet, sweating, packages indicate the vegetables have defrosted or are in the process of defrosting.

7. Foods likely to increase your food costs: Cream, ice cream, cheese, and specialty cheese, many ready-prepared dishes: choice cuts of meat, cookies, cakes, pies, buns that are ready-made or ready to bake: snack foods such as potato chips, corn chips, cheese puffs. soft drinks, and ready to eat cereals, especially in the individual size package.

Deciding what food to buy for one or two or three students depends upon many factors: likes and dislikes, number of meals eaten at the apartment, the kinds of meals - normal meals a day versus irregular meal times, frequent snacks· amount of money available for food: skill in palnning; preparing and serving food; storage and cooking facilities: and who does most of the planning, purchasing and cooking.

Careful planning helps, but no group of students will come out with the same answers.[1]

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[1]Prepared by Lorene Raymond, Assistant Professor, Foods and Nutrition University of Arkansas, 1970.

HOW MUCH FOOD WILL TEN DOLLARS BUY?

The class begins with a skit in which two students portray homemakers just returned from the grocery store. They compare the contents of their grocery bags for which each had paid ten dollars, and then planned meals to see how long each would last. Real food or empty food packages will lend concreteness to the situation.

Following the skit, the whole group will discuss their own food buying experiences and suggest ways in which their choices have resulted in family satisfaction.

1 gal. whole milk	1 No. 2 can best quality canned peas
2 lbs. pork chops	10 oz. potato chips
1 lb. steak	variety pack cereal
1 lb. bacon	1 doz. large eggs
2 TV dinners	1 lb. butter
8 pack carton coke or other pop	1 lb. fresh tomatoes
1 frozen apple pie	1 lb. loaf oatmeal bread

The second homemaker, who is about to unload the two bags of groceries which she just bought, answers the door. Her bags contain:

10 lbs. potatoes	2 doz. medium eggs
12 qts. box of dry milk	1 no. 2 can Grade C peas
4 lb. pork roast	10 apples
1 lg. box cream of wheat	2 loaves enriched white bread
1 lb. Hamburger	1 46 oz. can tomato juice
1 chicken	1 small head cabbage
1 7oz. can tuna	2 lbs. carrots
1 lb. cottage cheese	1 lg. can frozen orange juice
1 lb. margarine	

Jane: "Hello, Judy. Glad you stopped by. It looks like you've been to the store. Come in."

Judy: "Yes, I'm loaded and I need to rest a little. I'm really beat today." (noticing the other bag) "Have you bought groceries this morning, too?"

Jane: "Yes, I spent a $10 bill. I was just about to put away all this."

Judy: "Just $10 for so much. I spent $10, too, and I only have one bag. How did you do so well?"

Jane: "I can show you as I put things away." (She takes out her meats: Pork roast (4 lbs.), hamburger (1 lb.), tuna (1 can), 1 chicken. "Did you get any meat?"

Concept 5: The Relationship of the National Income, Money and Banks to Consumer Practices

Judy: (Taking out pork chops (2 lbs.), steak (1 lb.), TV dinners (2), bacon (1 lb.). "Yes, I got these yummy pork chops. Don't they look good? Eight of them for just $1.92."

Jane: "I got pork, too, a pork roast---4 lbs. for a little over $2. How much did your pork chops weigh?"

Judy: "I don't know. Let's see. Oh, here it is. 1 lb. 14 oz. Hmmm. I see you got more for your money, but this will make a good meal."

Jane: "I hope mine will make two good meals. Did you get any beef?"

Judy: "A piece of steak. Not very big, but it will be good. That was 98¢."

Jane: "I got a pound of hamburger for 59¢. I think I'll make a meat loaf this time. It will go a long way with some rice or oatmeal added to it. Did you get any more meat?"

Judy: "These two TV dinners. They're sure handy when I don't feel like cooking."

Jane: "Yes, they are, but so expensive. I hope you feel like cooking most of the time. I got a can of tuna for 27¢. Did you ever try it with noodles and a can of celery soup? That's almost as easy as TV dinners."

Judy: "No, but I must. I got a pound of bacon, too. We all love that."

Jane: "I didn't get bacon. Seems like it all cooks away in fat. Not much lean meat for the children to grow on. I got a chicken. Mine like chicken, and it goes a lot farther."

Judy: "Yes, I guess it does. Did you get any potato chips? My kids can eat a ton of them."

Jane: "No, I got my potatoes this way---10 lbs. for 59¢. What did your chips cost?"

Judy: (Looking to see) "Ten ounces for 59¢! You really beat me there! You won't scold me for buying bread, will you?" (She takes out a loaf of oatmeal bread) "It's oatmeal, the very best, and only 33¢.

Jane: "I got these two loaves of white enriched for 39¢."

Judy: "You didn't! I'm surprised that you'd buy white bread though. Isn't this better for us?"

Jane: "It has a little more food value, but enriched bread has a lot, too, and when it is so much cheaper, I can't see buying the fancy kinds.

What else did you get?"

Judy: "I got a dozen eggs, the grade A large kind. That's good, isn't it?"

Jane: "I get them sometimes, but if the medium size is as much as 10¢ cheaper on the dozen, I get more for my money with them. This time they were. I got two dozen."

Judy: "I bet you'll brag on me for getting this gallon of milk, won't you?"

Jane: "Milk is good for us, of course, and the children need four glasses a day. I looked at that gallon and thought---that's four quarts and for 20¢ more I can get 12 quarts of this kind" (she pulls a box of dry milk out of her sack) "and the food value is almost the same. My children have learned to like to drink this, but if yours haven't yet, you could mix it half and half and make your gallon go twice as far. I don't think they could taste this difference, especially if you mixed it well and served it very cold."

Judy: "Maybe I'll try that."

Jane: "You can also use this to make hot chocolate. Mix 1 cup of dry milk, 1/2 cup sugar, and 1/4 cup of dry cocoa together and stir into 7 cups of water. We drink it every morning for breakfast. It's a good snack, too.

Judy: "I'll have to make some. Maybe this will keep the kids from craving chocolate candy." (Taking out her 8 pack carton of "pop") "I hate to show you this!"

Jane: "You should! You know that has no food value. When the children ask for a drink at my house they get this." (She takes out a large can of frozen orange juice.) "Would you believe that this will make as many glasses as your "pop" and for about half the cost? I sometimes freeze it into popsicles too, and the other day I stirred 4 T. of dry milk into a glass of it and we had a brand new drink. Orange milk shake!"

Judy: "How do you think of so many things?"

Jane: "Oh, I don't think of all of them by myself. I read magazines and talk to people. Even the newspaper has ideas I can try, and I get some from TV."

Judy: (Taking out her Variety Pack cereal.) "Did you get any cereal today? I got this so the children could all choose what they want."

Jane: "Yes, I got this cereal to cook. I'll have 24 bowls of mine for about what you paid for 8."

Judy: "I can't win!" (Taking out a pound of butter.) "I had to have butter today. Did You?"

Jane: "I got margarine. Butter costs about 3 or 4 times as much and we like this just as well."

Judy: "I got some tomatoes. I guess that was a splurge too, but they're so good."

Jane: "Yes, they are good. We eat lots of them in the summer when we have them in the garden, but now we drink tomato juice" (takes out 46 oz. can). "This will go quite a bit farther than those three tomatoes, and it cost less, too."

Judy: "I guess this can of peas was a better buy than the tomatoes" (takes out No. 2 can of a "best quality" brand).

Jane: "Yes, it was. I got peas, too." (She takes out No. 2 can of a lesser quality and looks at the price on both cans.) "Mine was five cents less than yours. I'll admit yours will look prettier and taste better, but they don't have any more food value."

Judy: "Did you get any dessert? I got this frozen apple pie."

Jane: "I may have an apple pie, too. I got these apples at a pretty good price. We'll have some for dessert and probably some for snacks."

Judy: "That takes me to the bottom of my sack. Do you have anything else?"

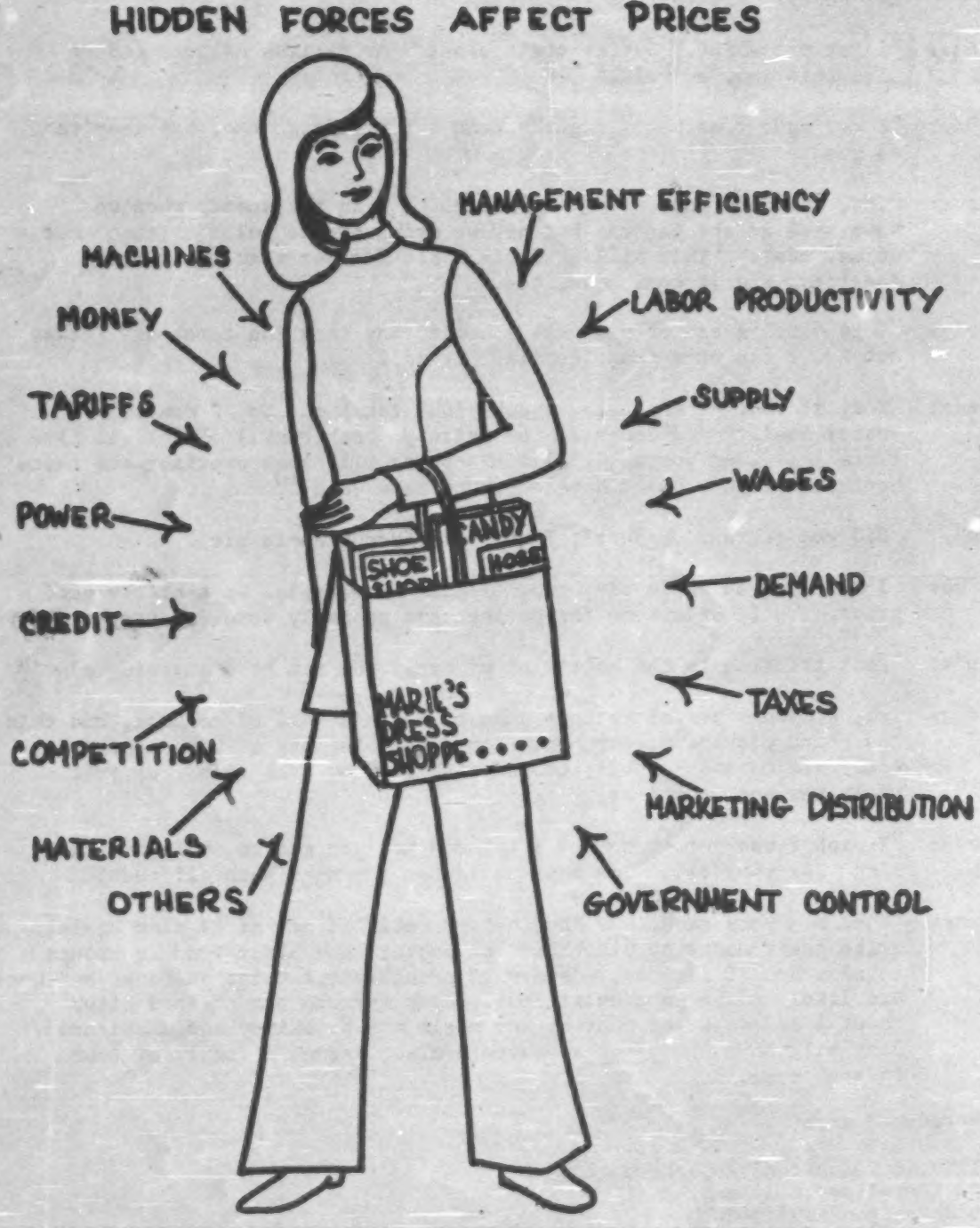
Jane: Yes, I have a box of cottage cheese, a small head of cabbage, and this two pound package of carrots. I use carrots lots of ways---grated with raisins and peanuts, cooked with beef or pork roast, or just plain raw carrot sticks."

Judy: "I wish I had gotten some. I see now how you got so much more than I did for your $10. How many meals can you make with all that?"

Jane: "That's a good question. Let's find out." (Both girls plan meals, write their menus on blackboard or poster, and place food in groups to show how it is used. Jane will probably get twice as many, and hers are likely to be more nutritious. Judy may run out of food after about 2 1/2 days and most of her meals may be skimpy and unbalanced. Jane will have 4 days of adequate meals. Assume a family of four in each case.)

Reproduced from:

Illinois Teacher of Home Economics
342 Education Building
University of Illinois
Urbana, Illinois 61801

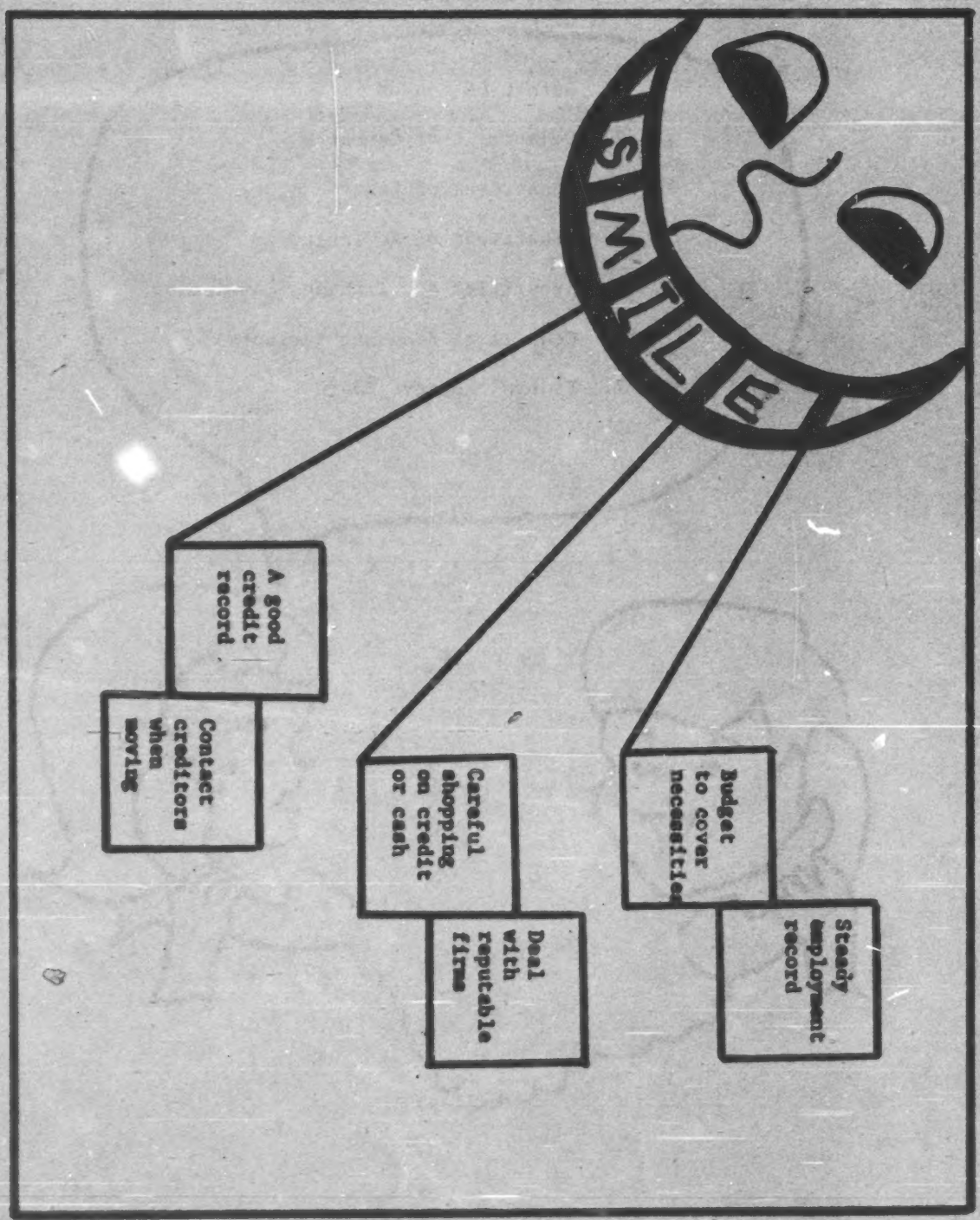


Concept 6: The Effect of Prices and Stabilization Procedures on the Economy

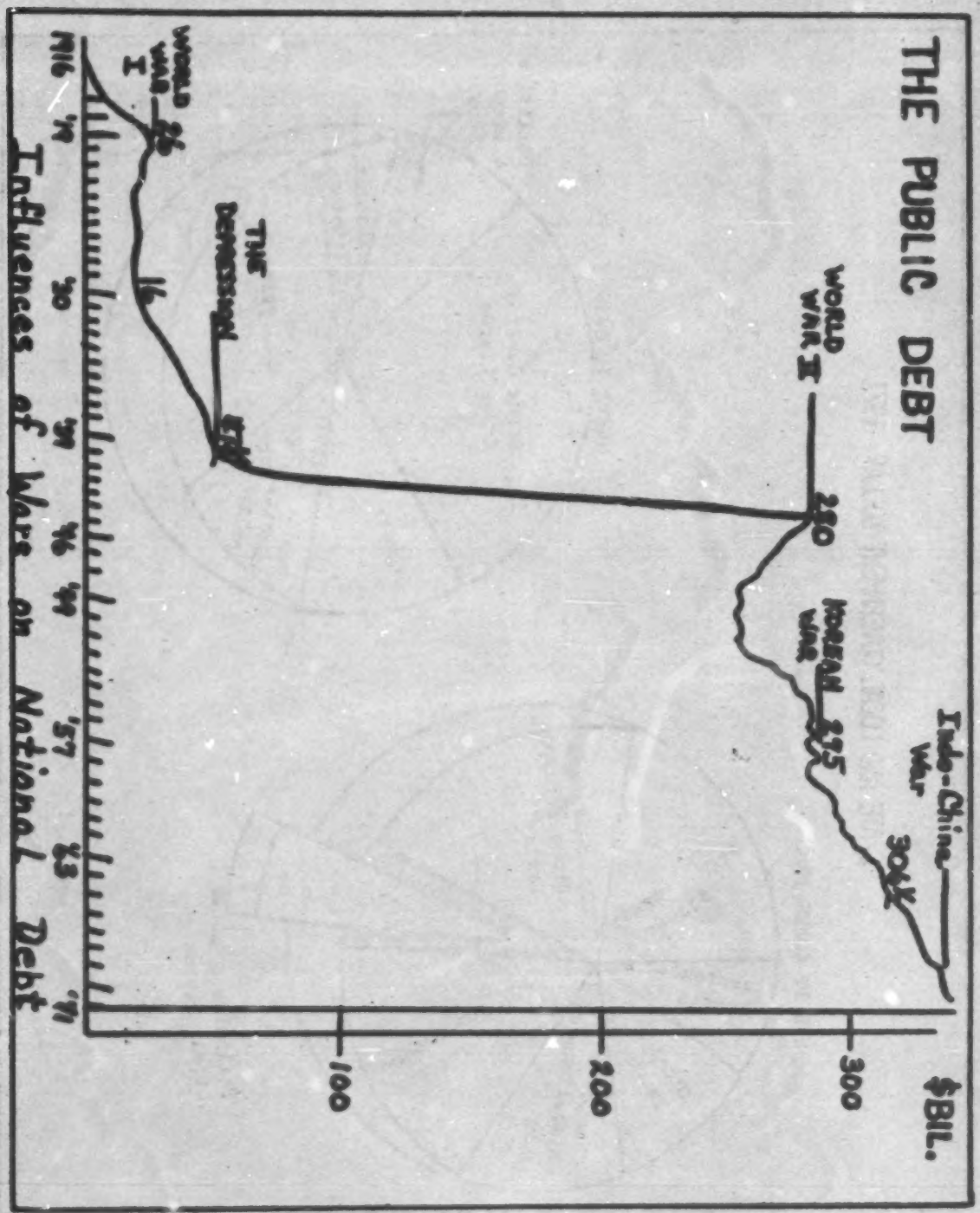
CONSUMER INFORMATION SOURCES

1. Bureau of Census
2. Department of Commerce
3. Department of Labor
4. Department of Agriculture
5. Securities and Exchange Commission
6. Council of Economic Advisors
7. Federal Reserve Board

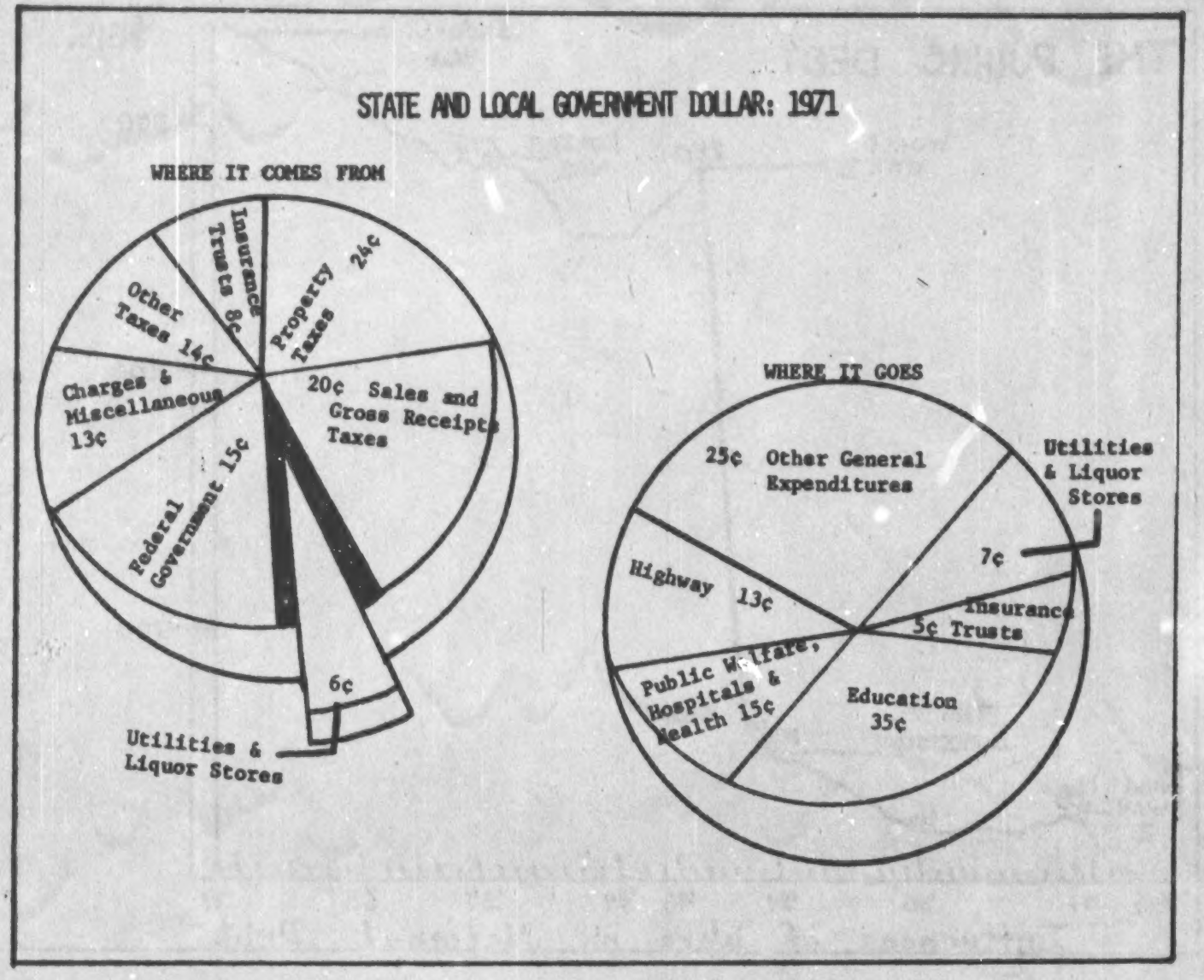
Concept 6: The Effect of Prices and Stabilization Procedures on the Economy

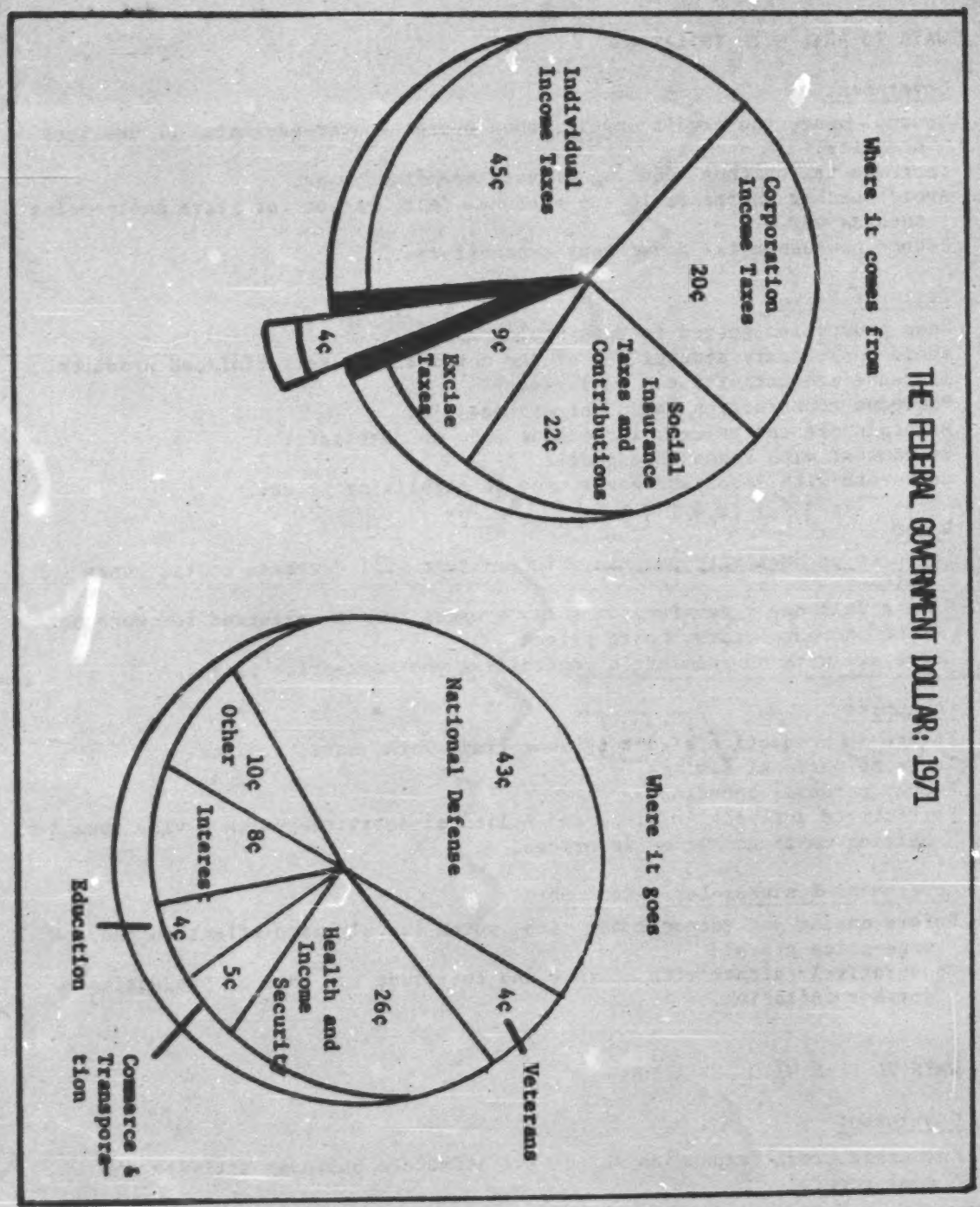


Concept 6: The Effect of Prices and Stabilisation Procedures on the Economy



Concept 6: The Effect of Prices and Stabilization Procedures on the Economy


STATE AND LOCAL GOVERNMENT DOLLAR: 1971
WHERE IT COMES FROM
Insurance Trusts 8¢
Property Taxes 24¢
Other Taxes 14¢
Charges & Miscellaneous 13¢
20¢ Sales and Gross Receipts Taxes
Federal Government 15¢
6¢
Utilities & Liquor Stores
WHERE IT GOES
25¢ Other General Expenditures
Utilities & Liquor Stores
7¢
Highway 13¢
Insurance 5¢ Trusts
Public Welfare, Hospitals & Health 15¢
Education 35¢



Concept 6: The Effect of Prices and Stabilization Procedures on the Economy

WAYS TO DEAL WITH INFLATION

Government

Control money and credit supply, thus avoiding over-expansion of business activity.
Increase taxes, thus reducing private spending power.
Avoid further increases in the national debt, except for grave emergencies such as war.
Reduce non-essential government expenditures.

Business Firms

Keep production geared to reasonable demand.
Avoid unnecessary stockpiling of raw material and semi-finished products.
Increase productivity per employee.
Postpone construction in so far as feasible.
Maintain present prices, increasing only as necessary.
Be content with reasonable profit.
Cooperate with labor and government in stablizing prices.

Labor

Increase productivity per man which in turn will decrease costs, hence prices.
Give a full day's service for a day's wages; wages collected for work not done increase costs, hence prices.
Cooperate with management in controlling the wage-price spiral.

Consumers

Engage in productive effort of some kind; work, earn, produce.
Increase personal savings.
Reduce personal spending.
Participate actively in civic and political activities with a view toward halting continuous rise in prices.

Government-Business-Labor-Consumers

Before making any economic decision, weigh its ultimate effect on the wage-price spiral.
Cooperatively attack with courage and fortitude the task of preventing further inflation.

WAYS TO DEAL WITH DEFLATION

Government

Encourage credit expansion which will stimulate business activity and employment.

Concept 6: The Effect of Prices and Stabilization Procedures on the Economy

Decrease federal taxes, leaving more money in the hands of people.
Increase federal spending on public works, relief, subsidies, national security, etc., which tends to stimulate business activity.

Business Firms

Extend credit to consumers to stimulate consumer buying.
Improve service, thus stimulating demand for goods and services.
Encourage people to spend more of their savings.

Consumers

Use personal savings for purchase of needed goods.
Within reasonable bounds, increase personal spending.
Cooperate with civic and government movements to increase business activity.

Adapted from Wilson and Eyster, Consumer Economic Problems, South-Western Publishing Co., Cincinnati, Ohio, 1966.

S - T - R - E - T - C - H That Income To Pay Your Taxes

Concept 7: The Relationship of Taxation to the Monetary System of the Nation

Concept 8: Banks and Consumer Credit Services

Concept 8: Banks and Consumer Credit Services

Economic Functions and Services of Banks

SOURCES of FUNDS

Time Deposits

Demand Deposits

Savings Shares

Pension Fund Premiums

Insurance Annuities

Retained Earnings and Internal Savings

USES of FUNDS

Corporate Bonds & Stocks

Mortgages

Capital Expenditures

State & Local Government Securities

Loans

GEORGE'S SUPERMARKET

Credit: The Method of Obtaining

- Goods
- Money
- Services

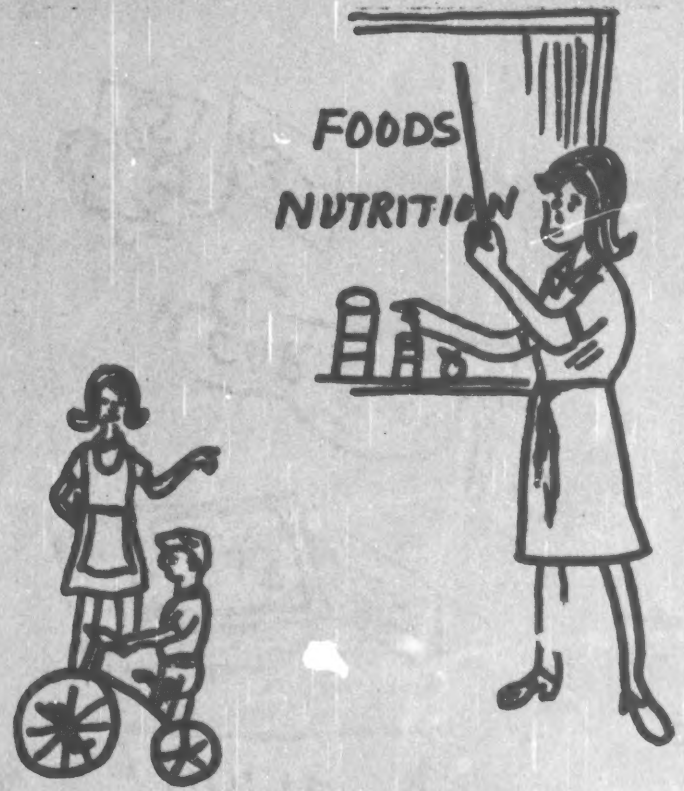
in the present and paying for them in the future

Years Ago...

Use of credit was associated with Financial Difficulty

One's standard of Living is frequently raised by Credit

The Use of Credit Involves Responsibility



Credit may contribute Positively in one's life

Use of Credit
May Cause
Serious
Financial
Difficulties
BILL

Use of Credit May Cause Family Difficulties

Shop for Credit
FIRST BANK
LOAN
LOAN
as you Shop for Merchandise
CORN
ORANGES

175

Concept 8: Banks and Consumer Credit Services

THE FASHION SHOP
ON THE SQUARE
CAPITAL CITY, U.S.A.

Mrs. Jeff Gray
639 N. Olive
Capital City, U.S.A.

Kindly return this portion with payment. Amount paid_____

Previous Balance	Payments	Returns	Unpaid Balance	Finance Charge	Purchases	New Balance
7.50			7.50		164.80 Jun 25 71	172.30

TERMS:
When 'New Balance' is paid in full there will be no finance charge. If you wish to make partial payment please follow this schedule:

New Balance	Minimum Payment
$30 or less	$ 5.00
$30 to $60	$10.00
$60 to $90	$15.00
$90 to $120	$20.00
$120 to $150	$25.00
Over $150	1/6 of Balance

Payments, credits or charges, received after the date shown above the arrow, which is the closing date of this billing cycle, will appear on your next statement. To avoid additional finance charges pay the "New Balance" before this date next month.

FINANCE CHARGE:

PERIODIC RATE. Added at the rate of 1% of the unpaid balance; i.e., on the amount of the previous balance left unpaid after deduction of payments and returns.

ANNUAL PERCENTAGE RATE. Our Comparative Index of Credit Cost under the terms of our open end account plan is 7.497% per year, computed on the basis of a single transaction of $100.00 debited on the first day of a billing cycle to an account having no previous balance, and paid in required minimum consecutive installments on the last day of each succeeding billing cycle until the transaction and all finance charges are paid in full. The actual percentage cost of credit on your account may be higher or lower depending on the dates and amounts of charges and credits.

THE FASHION SHOP, CAPITAL CITY, U.S.A.

Concept 8: Banks and Consumer Credit Services

The Truth - in Lending Bill
In Effect July 1, 1969

Consumers are protected in credit transactions in the following ways:

1. People extending credit are required by this law to provide a complete and accurate accounting of all the charges one is expected to pay and to express interest in a standard meaningful form.
2. When shopping for credit the key figure to watch for is either the annual finance charge per $100.00 of unpaid balance "or the annual percentage rate." Either of these two figures, which the lender must disclose to the borrower, will show the real cost of the credit.
3. The annual percentage rate must include virtually all fees the lender requires the borrower to pay as a condition for provision of credit.
4. In addition to the interest charge, these costs are among the ones which must be included:
    1. Any difference between the price of an item sold for cash and an item sold for credit
    2. Service or carrying charges
    3. Appraisal and credit report fees (except in real estate transactions)
    4. The cost of any insurance the lender requires one to buy
    5. Premiums for other types of insurance that protect the lender against the borrowers default or other credit losses
    6. Any charge that the borrower is required to pay because the loan is transferred to a finance company
    7. Lenders must itemize, but need not include in the finance charge, certain government - imposed expenses, such as taxes, license, title and registration fees, and charges associated with taking liens on property.

Specific guidelines for each type of transaction is also covered in the law.

Upon opening a new charge account, the buyer must receive a statement from the seller disclosing the following facts:

1. The amount of monthly charge (1 1/2 %, etc.) used in computing the finance charge (may be stated as "periodic rate.")
2. The time period for paying a balance without incurring a finance charge.
3. The use of any of the goods by the seller as security for credit.

The regular billing statements sent out by the lender (store) must contain an itemized account of all transactions during the billing cycle, plus a detailed breakdown of the finance charge and the rates and special fees used to compute the charge.

For installment loans the seller or the person who handles the credit - bank, car dealer, doctor, appliance store - must furnish the buyer a full account of the conditions inherent in the loan.

This information should include the following:

1. Charges for late payments
2. Penalties for prepayment of loan

3. Whether the installments include any "Balloon" payments - a payment more than twice the amount of a regular installment.
4. The security to be put up for the loan.

In obtaining credit for purchase of real estate, there are variations the buyer should understand. On a first mortgage loan for the purchase of a home, the lender need not show the total finance charge over the life of a loan. (A concession was made to real estates' interests fear that home buyers might be amazed and appalled by the amount paid on a long-term mortgage. On a 25 year, $10,000.00 mortgage with a 6 1/2% annual percentage rate the interest or finance charge will amount to $10,280.00 over the 25 year period.)

Whenever a home is up as security for a loan (except as a first mortgage for buying or building a residence) the owner has the right to cancel the arrangement within three business days after the lender has furnished the information required by law.

The truth-in-lending bill gives the buyer the right to sue for twice the amount of a finance charge, with a minimum of $100.00 and a maximum of $1,000.00. If the buyer wins, the lender must pay court costs plus a reasonable fee for the buyer's attorney.

To file a complaint against a specific company, find the federal agency which is responsible for enforcement for the law for this specific business and contact the listed agency.

NATIONAL BANKS
(These institutions use "national" in their name)

Comptroller of the Currency
U.S. Treasury Department
Washington, D.C. 20220

STATE MEMBER BANKS
(These banks identify themselves as members of the Federal Reserve System)

Truth-in-Lending Officer
Federal Reserve Bank in closest city-
Boston, New York, Philadelphia, Cleveland, Richmond, Atlanta, Chicago, St. Louis, Minneapolis, Kansas City, Dallas, San Francisco

"NONMEMBER" INSURED BANKS
(Banks that are not members of the Federal Reserve System but are federally insured)

INTERSTATE TRANSPORTATION
(Trucking companies and railroads that cross state lines)

Office of Proceedings
Interstate Commerce Commission
Washington, D.C. 20523

ALL OTHER LOANS
(Stores, dealers, small-loan companies and any other lender not covered in previous categories)

730 Peachtree Street
Atlanta, Georgia 30308

230 N. Purdue Street
Oak Ridge, Tennessee 37830

John F. Kennedy Federal Bldg.
Government Center
Boston, Massachusetts 02203

219 S. Dearborn Street
Chicago, Illinois 60604

Division of Examination
Federal Deposit Insurance Corp.
550 Seventeenth St, N.W.
Washington, D.C. 20429

FEDERALLY INSURED SAVINGS
AND LOAN ASSOCIATIONS
Office of the General Counsel
Federal Home Loan Bank Board
101 Indiana Ave., N.W.
Washington, D.C. 20552

AIRLINES
Director, Bureau of Enforcement
Civil Aeronautics Board
1824 Connecticut Ave., N.W.
Washington, D.C. 20428

Federal Office Bldg.
1240 E. Ninth St.
Cleveland, Ohio 44199

2806 Federal Office Bldg.
Kansas City, Mo. 64106

333 St. Charles St.
New Orleans, La. 70130

U.S. Courthouse Bldg.
515 Rusk Ave.
Houston, Tex. 77061

Federal Bldg.
26 Federal Plaza
New York, N.Y. 10007

450 Golden Gate Ave.
San Francisco, Cal. 94102

1511 Third Ave.
Seattle, Wash. 98101

450 W. Broad St.
Falls Church, Va. 22046

How Much Is
Too Much??

Even Prehistoric Man Knew to Return What He Borrowed in Full Measure.

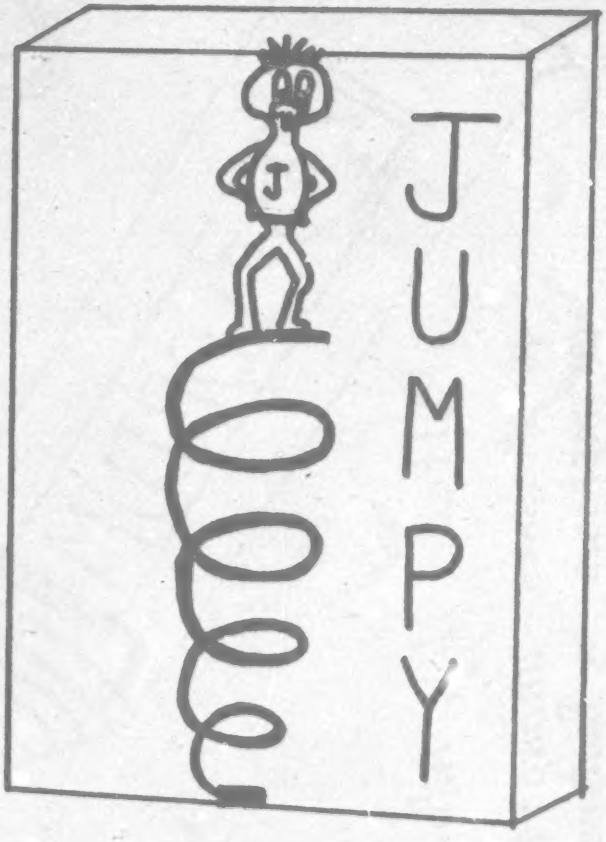
Commit yourself only to credit expenditures you are able to repay.

Finance only those goods whose value will last far beyond the final payment.

Start a Savings Fund Before Using Credit

Buy on credit those things you will cherish long after the final payment.

Join the beautiful people —
Eat JUMPY for breakfast, lunch, dinner!



No Information given about the product.

CLORIUM toothpaste with ZB4 makes your mouth fresh as a DAISY!

Puffed Up Advertisement:

(a) stresses unimportant feature
(b) emphasis on feature one can't judge
(c) makes claims anyone can make (fresh, better, smoother)

ZIP-OFF
OVEN CLEANER
DANGER: May cause burns. Do not use internally. Keep in a cool place.
*Directions for use on the back.
Net Wt. 16 oz.

CHECK ALL LABELS before Buying or Storing

JULIE MEETS A SALESMAN[1]

Julie Smith came home from work Friday evening with her first $60 paycheck. She couldn't have been happier. She had graduated from high school the Friday before and had begun work as a secretary on Monday. Her boyfriend had given her a diamond for graduation, and they were planning to be married the next summer.

Julie's parents were very proud of her and delighted about the engagement. They had known David, her fiance, for several years. They immediately announced her engagement in the local newspapers. As soon as the announcement appeared in the paper, Julie began to get mail on special offers, bargains, and insurance plans. Since none of this seemed to be interesting reading, she rapidly threw it away.

One Saturday about a month later, when Julie was home alone, the doorbell rang. There stood a very nice looking young man in a dark business suit.

"Hello, are you Julie Smith?" said the man.

"Why, yes. Can I help you?" said Julie, quite surprised that he knew her name.

"I saw in the paper that you will be getting married soon and I have something I'm sure you will be interested in seeing," replied the man. "Have you started on your hope chest yet?"

"Well, just barely," Julie said rather cautiously.

"Do you have a few minutes so that I could show you our special offer?" said the anxious salesman.

"I suppose so," answered Julie, thinking that it wouldn't hurt just to look.

The salesman went to his car and came back with two huge suitcases filled with pots and pans. He then proceeded to explain the advantages of his line of cookware and how a kitchen just wasn't complete without a set, such as he had to offer. He even demonstrated how easy it was to bake a cake in his skillet right on top of the range.

"There are three types of sets from which to choose," he explained. "They begin with the basic set for $150 and the complete set for $300."

[1]Reprinted from Illinois Teacher for Contemporary Roles. Urbana, Illinois: Division of Home Economics Education, University of Illinois, Vol. XIII, No. 2, November-December, 1969. pp. 77-78.

Concept 9: The Effect of Advertising and Protective Aids on Consumer Practices

"Oh, I can't possible afford anything like that," said Julie. "I'm trying to save money for our furniture. What would just one small saucepan cost if I bought it alone?"

"Well," he began to stammer a little, "the 2-quart size is $20.00. But don't worry about the money, we'll work out an agreement for payment with you. A down payment of only $10 is all that is necessary. You can pay the rest off in small weekly or monthly payments," he continued. "your friend, Sally Miller, just purchased this set this morning and I sold three others like it yesterday. Now if you will just fill out this form and decide which set you want, it will be sent to you within a week."

"Now, wait a minute," replied Julie quickly. "I realize that this line is of good quality and may be a good bargain, but I need time to think it over and discuss it with my parents and my fiance."

"There's one thing I failed to mention earlier," he said. "If you agree to buy any of these sets today on the first call, you will receive our $30.00 electric fry pan or a four piece starter set of our fine china absolutely free. Now you can't afford to pass that up, can you?"

Julie was really in a state of confusion as to what to do. She had never been faced with a decision such as this before. Much money was involved, and the salesman wasn't giving her any time to think straight. He kept on talking to distract her. However, she did remember her mother always reminding her never to rush into anything unless she was absolutely sure of what she was getting and that it was worth the money. Since she wasn't sure, she told the salesman, convincing as he was, that she wanted to think about it some more and that she would call him if she decided to buy the set.

When he left, Julie looked at the clock. The salesman had spent over an hour trying to sell his product. She smiled and felt proud of herself.

"He didn't talk me into it," she said aloud.

" Into what?" asked her mother, as she walked in the door.

(NOTE TO TEACHER: This story could be followed by a discussion or a role playing session in which the consequences of this decision, and of the alternative decision of buying the cookware, are brought out. The contract Julie refused to sign could be shown. Follow-up activities could include role playing with a vacuum cleaner salesman, a brush salesman, and other door-to-door sales people.)

Seller's Name_____ Contract #_____

_____

RETAIL INSTALLMENT CONTRACT AND SECURITY AGREEMENT

The undersigned (herein called Purchaser, whether one or more) purchases from _____(seller) and grants to _____ a security interest in, subject to terms and conditions hereof, the following described property.

QUANTITY	DESCRIPTION	AMOUNT	
DESCRIPTION OF TRADE-IN:			
	SALES TAX		
	TOTAL		

PURCHASER'S NAME_____
PURCHASER'S ADDRESS_____
CITY_____ STATE_____ ZIP_____

1. CASH PRICE		$_____
2. LESS: CASH DOWN PAYMENT	$_____	
3. TRADE-IN	_____	
4. TOTAL DOWN PAYMENT		$_____
5. UNPAID BALANCE OF CASH PRICE		$_____
6. OTHER CHARGES:		
_____		$_____
_____		_____
7. AMOUNT FINANCED		_____
8. FINANCE CHARGE		$_____
9. TOTAL OF PAYMENTS		$_____
10. DEFERRED PAYMENT PRICE (1+6+8)		$_____
11. ANNUAL PERCENTAGE RATE		_____%

Insurance Agreement

The purchase of insurance coverage is voluntary and not required for credit. __(Type of Ins.)_____ insurance coverage is available at a cost of $_____ for the term of credit.

I desire insurance coverage
Signed_____ Date_____

I do not desire insurance coverage
Signed_____ Date_____

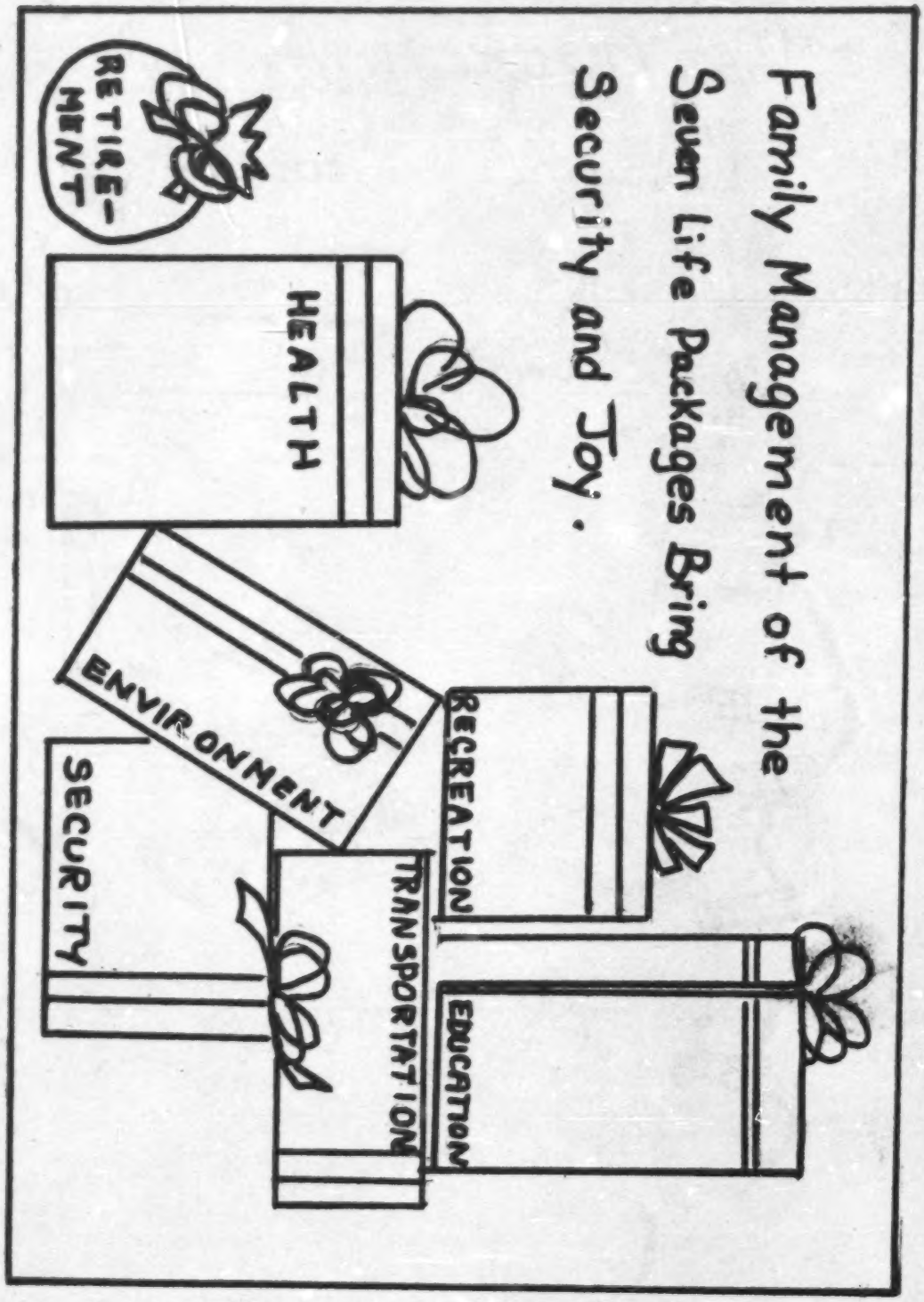
Purchaser hereby agrees to pay to_____ _____ at their offices shown above the "TOTAL OF PAYMENTS" shown above in _____ monthly installments of $_____ (final payment to be $_____)the first installment being payable _____, 19__, and all subsequent installments on the same day of each consecutive month until paid in full. The finance charge applies from __(Date)_____.

Signed_____

Notice to Buyer: You are entitled to a copy of the contract you sign. You have the right to pay in advance the unpaid balance of this contract and obtain a partial refund of the finance charge based on the "Acturial Method." (Any other method of computation may be so identified, for example,"Rule of 78's," "Sum of the Digits," etc.)

Concept 9: The Effect of Advertising and Protective Aids on Consumer Practices

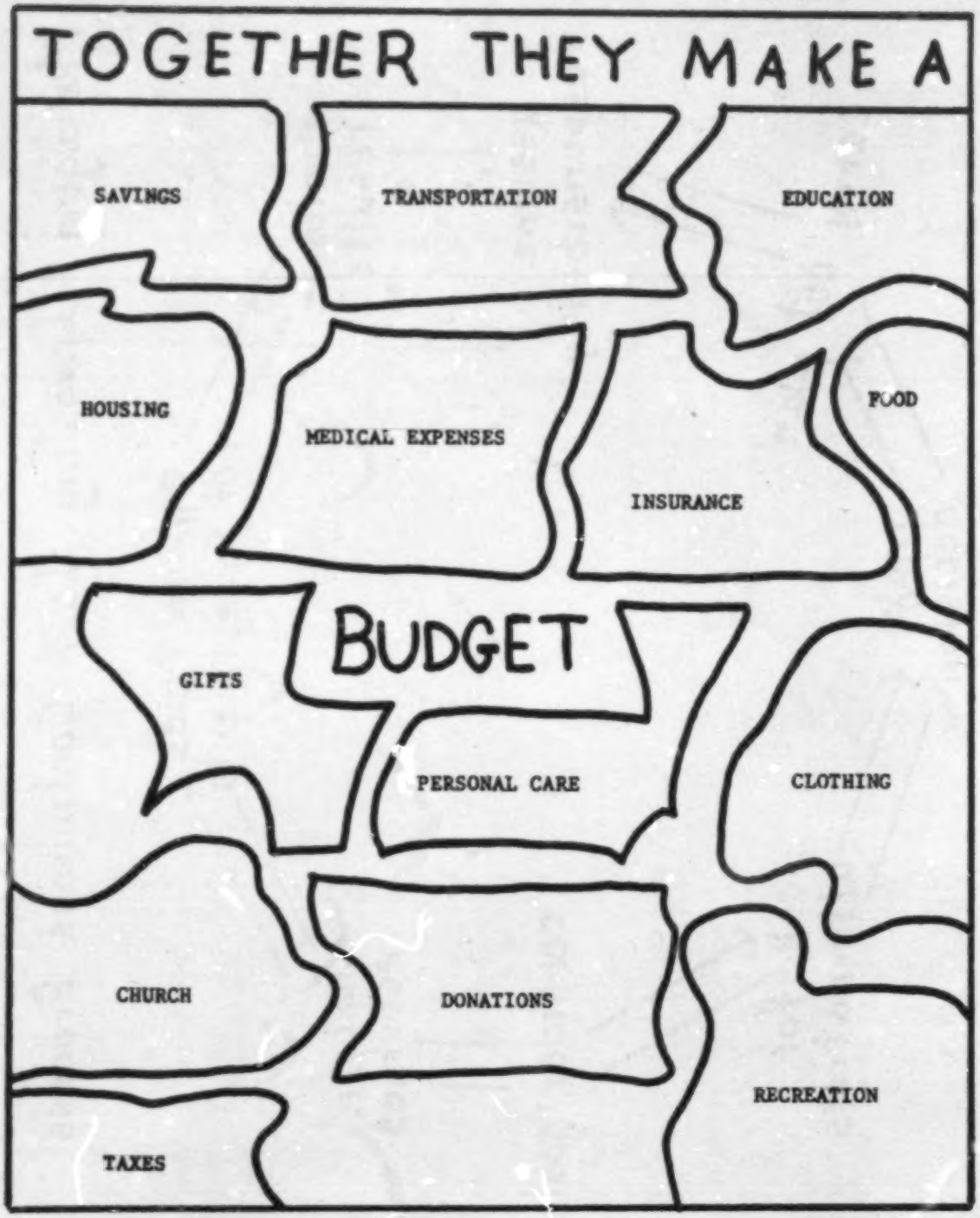
The Nitty-Gritty of Consumer Education



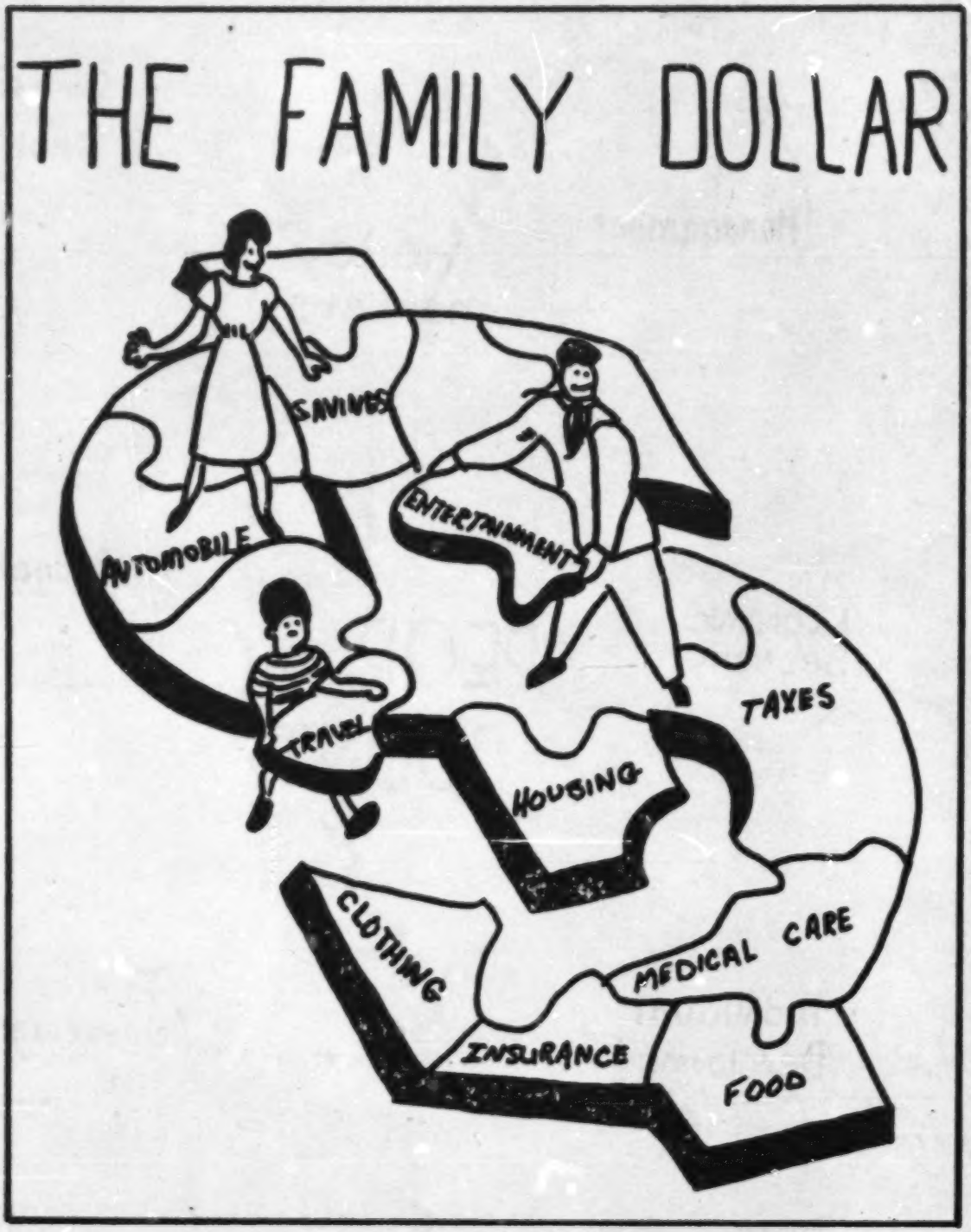
Concept 10: Managing and Investing Family Finances

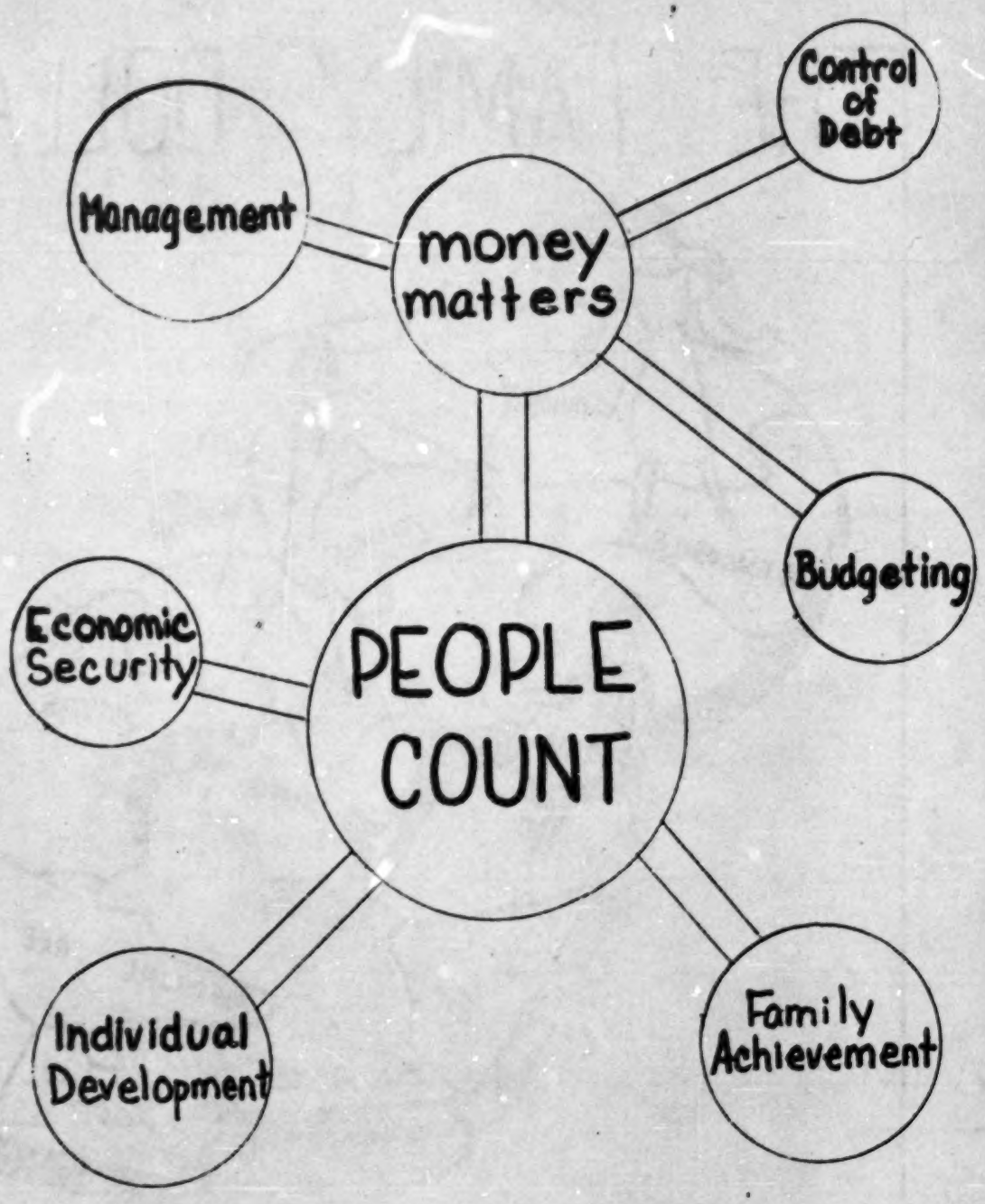
194

Managing & Investing Is A Continuous Process
explore types of investments
analyze resources
consider goals
look for alternatives
make decision
plan
carry out
assume responsibility
evaluate results



Concept 10: Managing and Investing Finances


THE FAMILY DOLLAR
SAVINGS
AUTOMOBILE
ENTERTAINMENT
TRAVEL
TAXES
HOUSING
CLOTHING
MEDICAL CARE
INSURANCE
FOOD



Concept 10: Managing and Investing Family Finances

CASE STUDY

Bill and Joan are a young couple who have a one year old son. Bill has worked as a carpet layer to support his family. They have no savings and no insurance against income loss. Bill was involved in a minor automobile accident in which he received a broken arm and wrist. The accident will mean Bill cannot work for at least three months; therefore, Bill and Joan are faced with a loss of income for that period of time. What can they do?

Consider possible alternatives:

1. Draw unemployment compensation for a period of weeks
2. Seek supplementary aid from private and/or public charitable agencies
3. Joan may become employed
4. Borrow from bank or other lending agency if they have collateral
5. Live with relatives
6. Behave illegally - steal, rob

Students write a short solution to Bill and Joan's problem and explain why they chose this course of action.

CORPORATION BONDS

1. Debenture Bonds - These bonds are issued without any specific pledge of property and are backed by the general credit, reputation, and assets of the corporation.

2. Convertible Bonds - These bonds include an agreement that permits the bondholder under certain conditions to accept stock for exchange of his bond.

3. Callable Bonds - These may be repaid or retired by the issuing corporation before the maturing date on the bond expires.

4. Premium or Discount Bonds - Example: Bonds with a face value of $100 may be issued at 2 1/2% interest, and the buyer will only pay $90 for the bond. Then the bond will increase in value from $90 to $100 by the redeemable time and will also earn interest at a rate of $2.50 a year on a $90 investment.

5. Coupon Bonds- These bonds are issued in a form which enables the investor to simply tear off each coupon as it becomes due and present it to his bank for the collection of interest.

6. Registered Bonds - These bonds are recorded by the issuer in the name of the person to whom they have been sold. The interest on the bonds will be paid only to registered owner.

7. Mortgage Bonds - The issuing corporation pledges some security, such as specific property or the right to certain earnings. Although certain property is pledged to insure the safety of the mortgage bond, various difficulties may be encountered if the bondholders are forced to take over the property.

Investigate bonds from these points of view:

1. Record of past earnings of the company and likelihood of future earnings.
2. Record of past market prices of the bonds.
3. Competitive and general business conditions.
4. Marketability of the bonds.

The price of a bond is not an indication of its value, and the selling of bonds may result from:

1. Unsatisfactory security that has been pledged by issuer of bond.
2. Interest rate that is low in comparison with interest rates on similar securities.
3. Unfavorable economic conditions that result in a lack of demand for bonds.

Concept 10: Managing and Investing Finances

LIFE IS A RISKY BUSINESS[1]

It is a typical spring morning in Centerville. On Sycamore Drive, the sidewalks are strewn with tricycles, scooters, and various other toy vehicles--indicating that this is a street where small children play. Mr. Mowbray, who lives at 416, is mowing his lawn. He has been home from work for a few days because of an accident at work and is just getting back on his feet. On the vacant lot across the street from the Mowbray home, a hotly contested ball game is in progress.

Mrs. Jenkins is burning trash just behind her garage. There was a lot of junk in that garage, and this seemed like a good day to clean it out.

Andy Patterson, 17, is backing the car out of the driveway. It was a great day for Andy when he received his driver's license last month. Right now there are many things on his mind--the play at school in which he is trying out for a part, the chance of getting a summer job at the local drug store, and, most important of all, his plans for buying a car of his own.

Mr. Barton who retired last year after 40 years in the office of the Brick and Tile Company, is resting in his favorite chair on his new screened-in back porch.

Thoughts of danger are far from anyone's mind this bright morning. But even on this pleasant street, dangers and risks of all kinds are lurking.

(NOTE TO TEACHER: At this point the students could have been asked to complete the story. For this teacher's objectives, though, it seemed more effective to lead into a discussion, with such questions as:

1. Can you name some of the dangers?
2. What is meant by a risk?
3. How can risks be shared?

This should make the concept of insurance clearer than it often is to students, and they could proceed to analyze the kinds of insurance needed by the people on Sycamore Street. Perhaps their curiosity would be piqued enough for them to ask questions about costs of insurance and about the policies. If students were asked to make recommendations regarding how various people on the street should react to an insurance salesman's call, they could be led to high levels of cognition.)

[1]Reprinted from Illinois Teacher for Contemporary Roles. Urbana, Illinois: Division of Home Economics Education, University of Illinois, Vol. XIII, No. 2, November-December, 1969. p. 74.

$100,000 OR NOTHING--A STORY ABOUT LIFE INSURANCE[1]

"I don't know what to do, Nancy," Lynda complained as she sipped her cup of coffee. "I had this $100,000 life insurance policy on my ex-husband for three years, you know. Well, now that he's dead," she paused and dabbed daintly at her completely dry eyes with a pink tissue, "the insurance company refuses to pay me the money!"

"Gosh, Lyn, how awful for you!" Nancy commiserated, reaching out and squeezing Lynda's hand, sympathetically. "Why won't they pay? Did they say?"

"Oh, they said all right. They gave me a list!"

"A list! Were there that many reasons?" Nancy was incredulous.

"I'll say!" Lynda replied, disgustedly. "They started out by reminding me that I lied to them on the application when I said George had never had a heart attack."

"You didn't."

"Sure I did. How else could I have gotten that much insurance?"

"I often wondered," Nancy admitted. "But you said they sent you a list. What else was on it?"

"Oh, they said something about my not having an 'insurable interest' in dear old George when he died," Lynda replied. "You know. 'Cause we were divorced by that time."

"Is that bad? The insurable interest bit, I mean."

"I guess so. They said I had to have it to collect. But then, that was only part of it. It seems that since George committed suicide, the policy is void anyway--or so they say." Lynda lowered her head dejectedly.

"You poor dear, to have to listen to that from those mean insurance people!" Nancy said, consolingly, while filling Lynda's nearly empty cup with fresh coffee. "Sugar?"

"No, thanks, hon. I like it black. Especially when I'm upset like this." Lynda lifted her cup. Setting the cup back on the coffee table, she continued. "And, as if that weren't bad enough, they found out that George was 45 years old instead of only 35, as I'd told them. According to them, that makes the policy void, too."

[1]Reprinted from Illinois Teacher for Contemporary Roles. Urbana, Illinois: Division of Home Economics Education, University of Illinois, Vol. XIII, No. 2, November-December, 1969. pp. 75-76.

Concept 11: Individual and Family Protection Through Insurance

"Well," Nancy said, "If I were you, I'd fight them. Go get yourself a good lawyer!"

"Oh, what's the use?" Lynda said in a tired voice. "I forgot to pay the premium on January 25, and George went and killed himself on January 30—the louse! That means, or so the insurance company told me, that the policy wasn't in force at the time of old Georgie's death." She gazed around the room, sadly taking note of all the material wealth which belonged to Nancy rather than to her. Mentally she had already spent about half of the hundred thousand. She said, "Boy, I could almost taste that bundle!" She lifted her cup, which had been refilled again by that excellent hostess, Nancy, and drank.

(NOTE TO TEACHER: The story can be followed by a role playing session between Lynda and her attorney. The attorney could be the teacher, a resource person, or a student who had been primed for the role by previous reading and discussion with appropriate persons.

In the role playing session, Lynda and the class learn the following regarding the insurance company's disclaimer of liability:

1. The fact that Lynda lied about her husband's heart attack would not be relevant after three years because of the "Incontestable Clause."

2. The divorce would not release the company from liability because an insurable interest is not necessary at the death of the person whose life was insured, provided it was present when the policy was first taken out.

3. The suicide clause usually provides that the company will pay for death from this cause after the policy has been in force for two years.

4. The misstatement of George's age only reduces the amount payable to the beneficiary to that which would be payable for the amount of premium paid. It does not void the policy.

5. The fact that George killed himself after the premium was due does not excuse the company from paying, because his death occurred within the thirty-day grace period.

The "attorney" would have real insurance policies to support his statements which would be shown or read to the class. If some companies' policies differ on these points, this would be pointed out. State insurance laws vary. Contact your state insurance commissioner in the capital of your state.)

HOW FAMILIES USE LIFE INSURANCE[1]

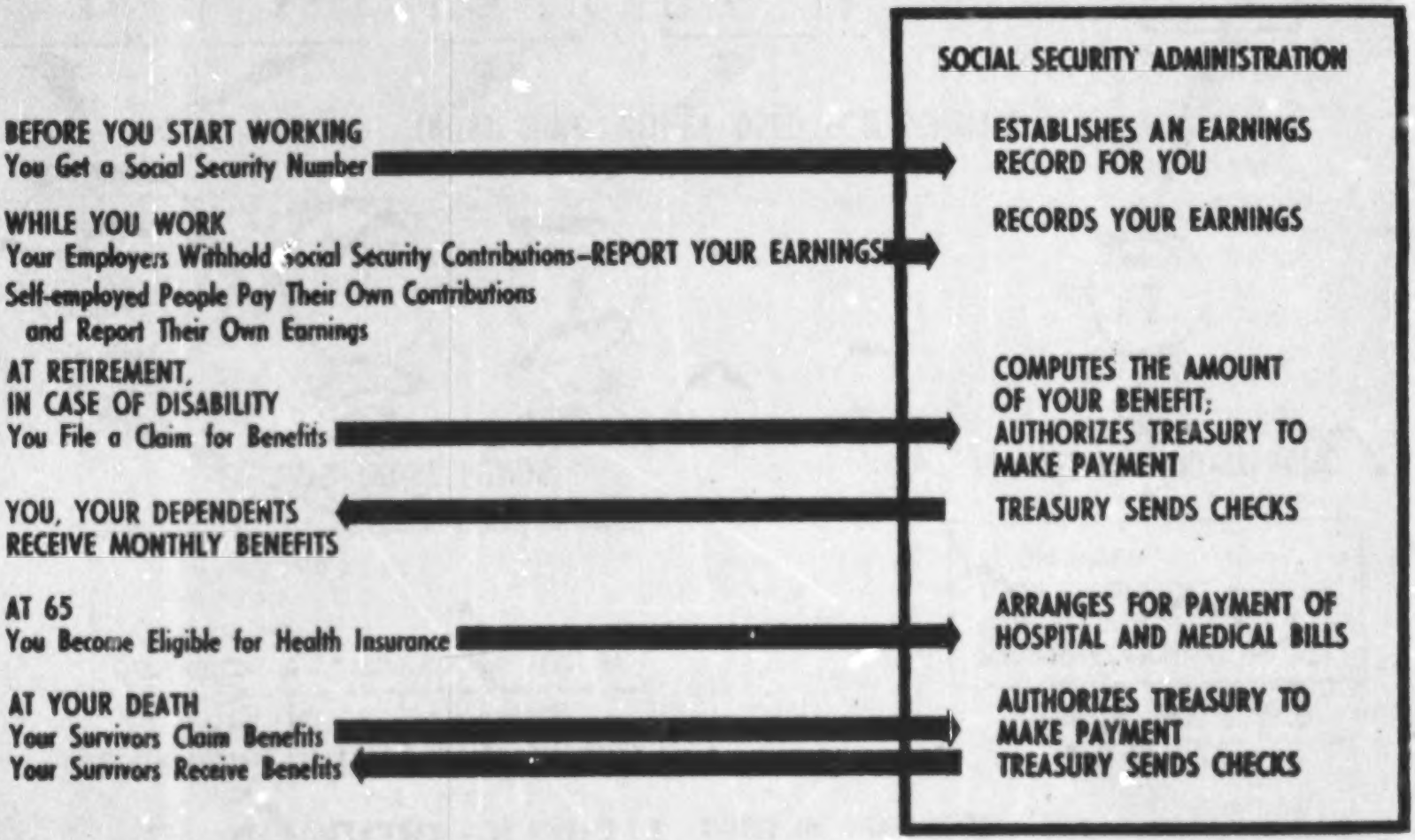
IF FATHER DIES	CASH	To pay last expenses. To pay taxes, debts, and other costs. To pay off the family mortgage
	READJUSTMENT INCOME	Continuing father's income while family makes necessary adjustments in living.
	FAMILY INCOME	Monthly income for mother while children are small.
	LIFE INCOME FOR MOTHER	Regular monthly income for life after children are grown.
	CASH RESERVES	For use in meeting unexpected cash needs.
IF FATHER LIVES	INCOME FOR RETIREMENT	Monthly income for life for mother and father.
	MONEY FOR EMERGENCIES	Cash to meet unexpected expenses.
	MONEY FOR SPECIAL PURPOSES	Gifts and systematic saving for family goals.

[1]Taken from Consumer Economic Problems, W. Harmon Wilson and Elvin S. Eyster. Cincinnati, Ohio: South-Western Publishing Company. 1966. p. 526.

Concept 11: Individual and Family Protection Through Insurance

Concept 11: Individual and Family Protection Through Insurance

FROM SOCIAL SECURITY NUMBER TO SOCIAL SECURITY BENEFITS


SOCIAL SECURITY ADMINISTRATION
BEFORE YOU START WORKING
You Get a Social Security Number
ESTABLISHES AN EARNINGS RECORD FOR YOU
WHILE YOU WORK
Your Employers Withhold Social Security Contributions–REPORT YOUR EARNINGS
Self-employed People Pay Their Own Contributions and Report Their Own Earnings
RECORDS YOUR EARNINGS
AT RETIREMENT, IN CASE OF DISABILITY
You File a Claim for Benefits
COMPUTES THE AMOUNT OF YOUR BENEFIT; AUTHORIZES TREASURY TO MAKE PAYMENT
YOU, YOUR DEPENDENTS RECEIVE MONTHLY BENEFITS
TREASURY SENDS CHECKS
AT 65
You Become Eligible for Health Insurance
ARRANGES FOR PAYMENT OF HOSPITAL AND MEDICAL BILLS
AT YOUR DEATH
Your Survivors Claim Benefits
Your Survivors Receive Benefits
AUTHORIZES TREASURY TO MAKE PAYMENT
TREASURY SENDS CHECKS

U.S. DEPARTMENT OF HEALTH, EDUCATION, AND WELFARE
Social Security Administration

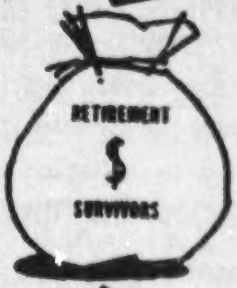
SOCIAL SECURITY

WHERE THE MONEY COMES FROM;
WHERE THE MONEY GOES.

RETIREMENT, SURVIVORS, DISABILITY, AND HOSPITAL INSURANCE

CONTRIBUTIONS PAID DURING WORKING YEARS BY
- EMPLOYERS
- EMPLOYEES
- SELF-EMPLOYED PEOPLE

3 SEPARATE TRUST FUNDS



TRUST FUND MONEY USED FOR BENEFITS

Administrative costs for each program come out of the corresponding trust fund.

VOLUNTARY MEDICAL INSURANCE

PREMIUMS BY PEOPLE 65 OR OVER WHO SIGN UP—
EQUAL CONTRIBUTION BY GOVERNMENT

A SEPARATE TRUST FUND

U.S. DEPARTMENT OF HEALTH, EDUCATION, AND WELFARE
SOCIAL SECURITY ADMINISTRATION

Concept 11: Individual and Family Protection Through Insurance

HEALTH INSURANCE FOR PEOPLE 65 OR OVER
MEDICARE

209

212

INPATIENT HOSPITAL SERVICES
Up to 90 days in each benefit period.
Patient pays the first $40 plus $10 a day after 60 days.

60-DAY LIFETIME RESERVE can be used after days of care in any benefit period are exhausted. Patient pays $20 a day.

HOSPITAL INSURANCE
Almost all people 65 or over can get this insurance.

POST-HOSPITAL EXTENDED CARE
Up to 100 days in each benefit period.
Patient pays $5 a day after 20 days.

POST-HOSPITAL HOME HEALTH SERVICES
Up to 100 visits in the year after discharge from a hospital or extended care facility.

PHYSICIANS' SERVICES
Wherever they are furnished--hospital, clinic, physician's office, or patient's home.

OTHER MEDICAL AND HEALTH SERVICES
Diagnostic services, outpatient hospital services, medical supplies and equipment, prosthetic devices, X-ray and radiation therapy, etc.

MEDICAL INSURANCE
This insurance is voluntary. Each person who enrolls pays $4 a month, and the Federal Government pays an equal amount.

HOME HEALTH SERVICES
Up to 100 visits during each calendar year.
No requirement of prior hospitalization.

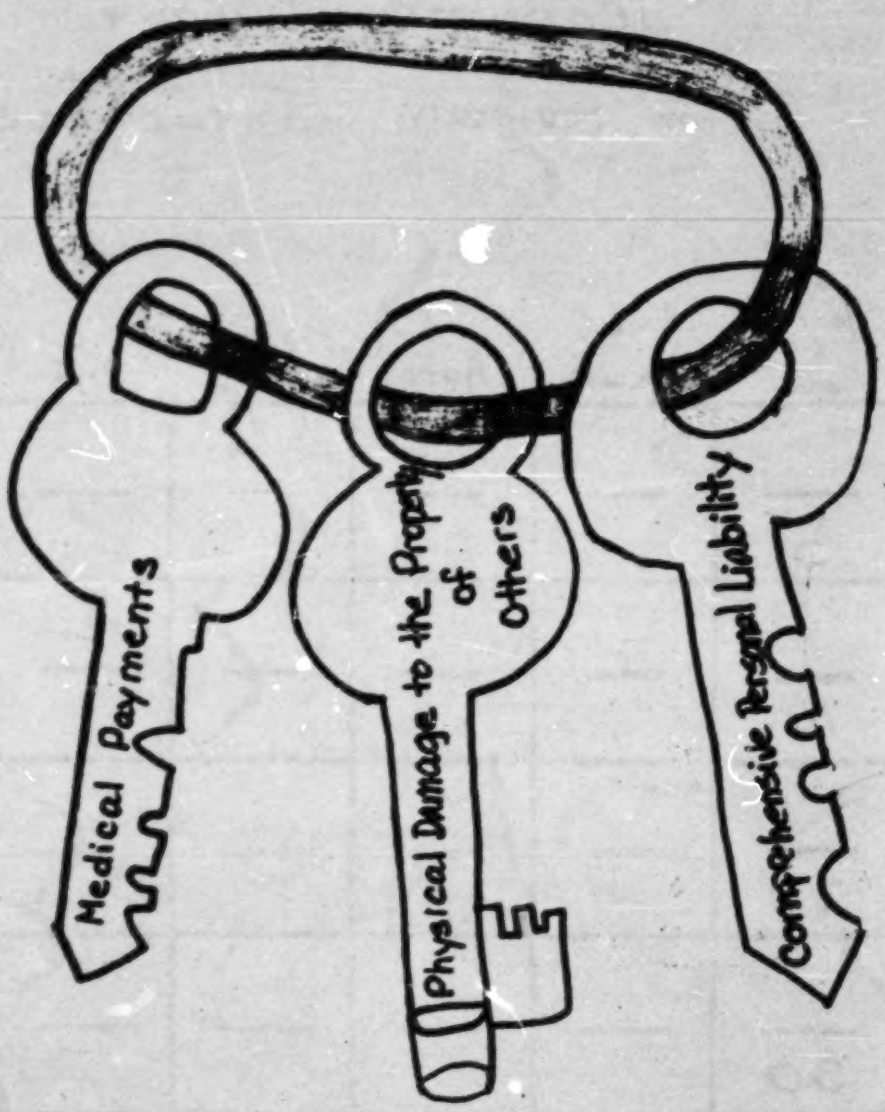
HOW MEDICAL INSURANCE PAYS FOR SERVICES
Patient pays the first $50 in each calendar year. Medical insurance pays 80% of the rest.

U.S. DEPARTMENT OF HEALTH, EDUCATION, AND WELFARE
SOCIAL SECURITY ADMINISTRATION

INSURANCE FOR THE FAMILY

HOW DOES IT MEASURE UP?

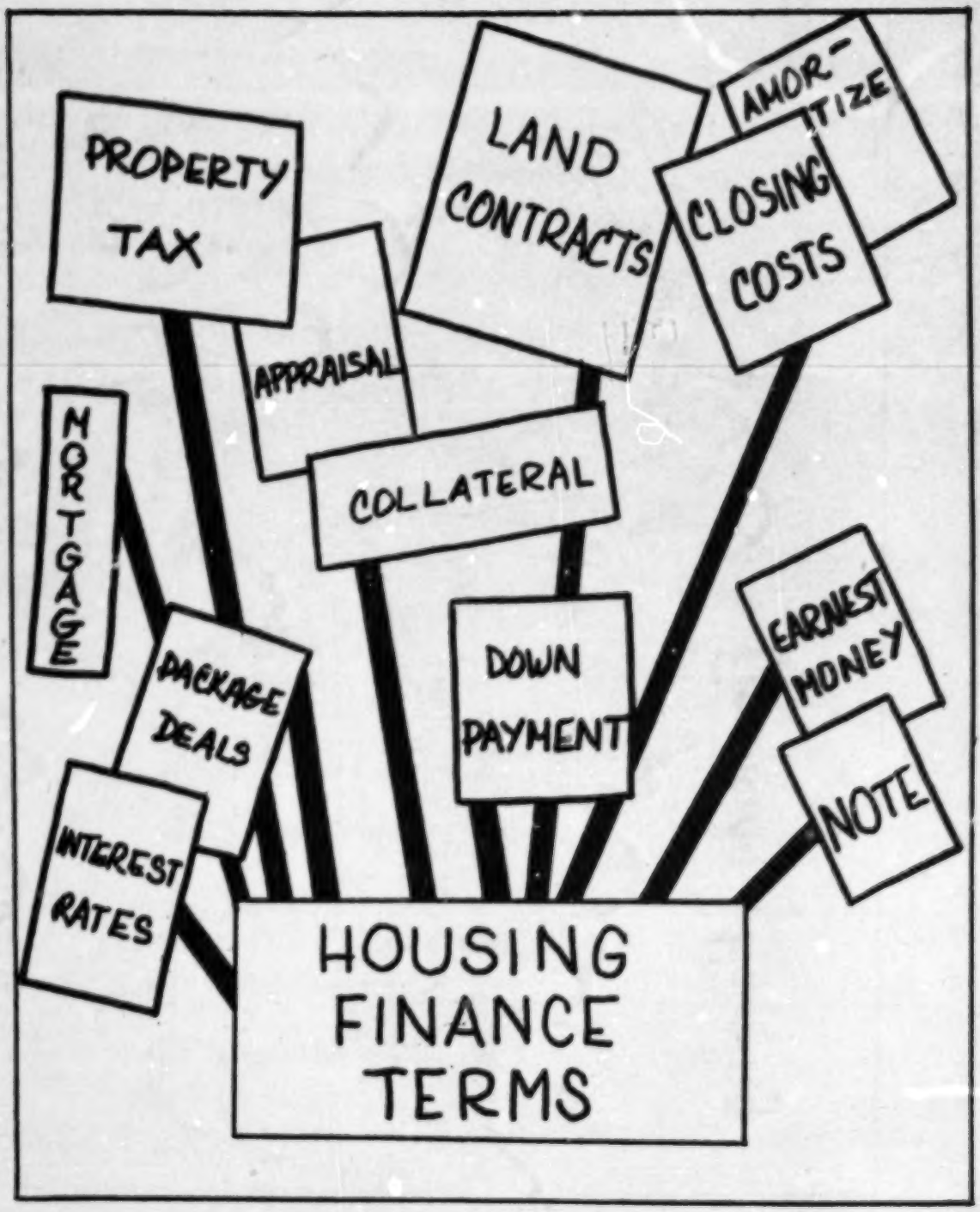
LIABILITY INSURANCE PROVIDES KEYS TO FAMILY SECURITY



Jeopardy Game
for reviewing Insurance

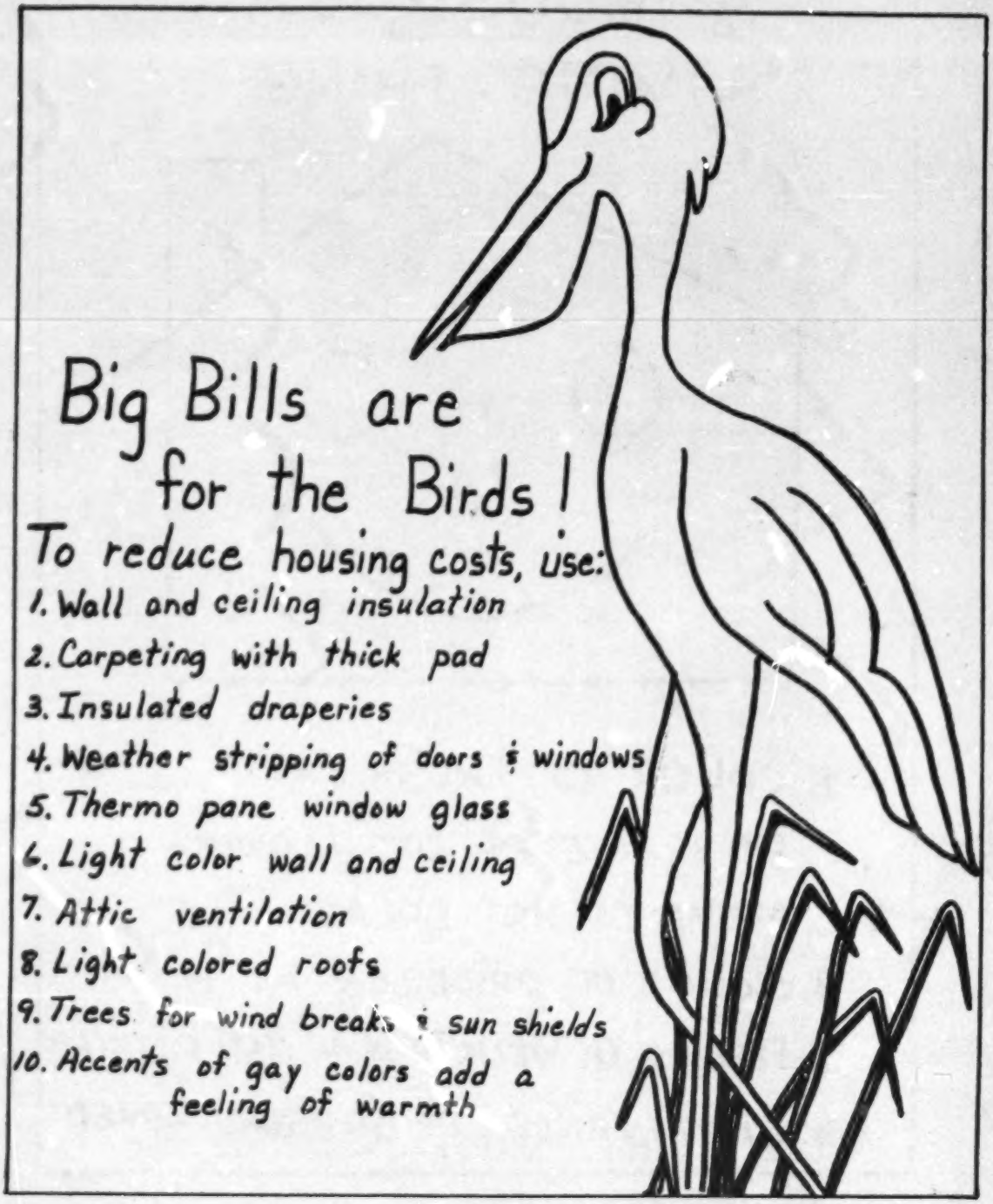
Health & Medical	Social Security	Auto	Property & Home	Life	Burial
5					
10					
20					
30					

Concept 11: Individual and Family Protection Through Insurance

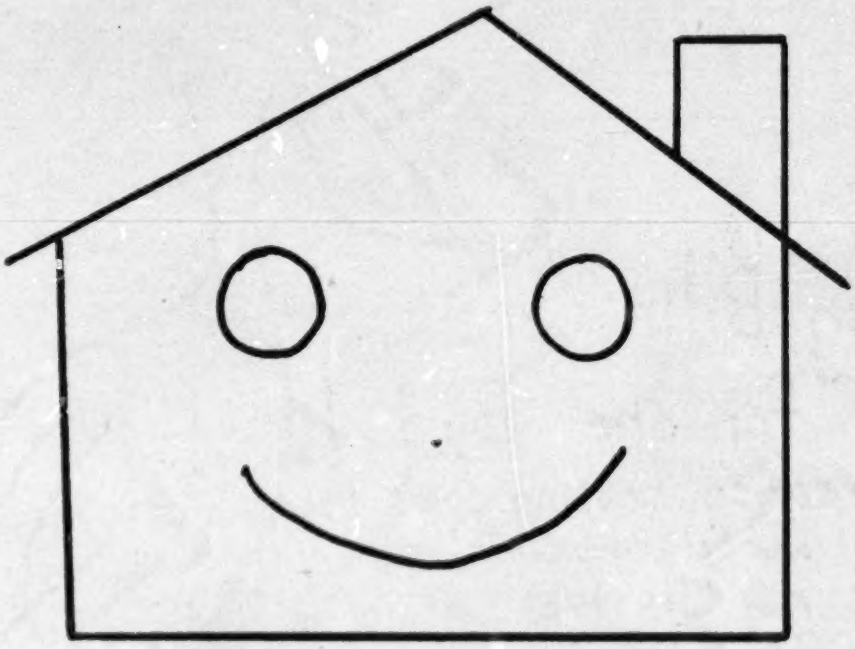


Concept 12: Financing Individual and Family Housing

Concept 12: Financing Individual and Family Housing

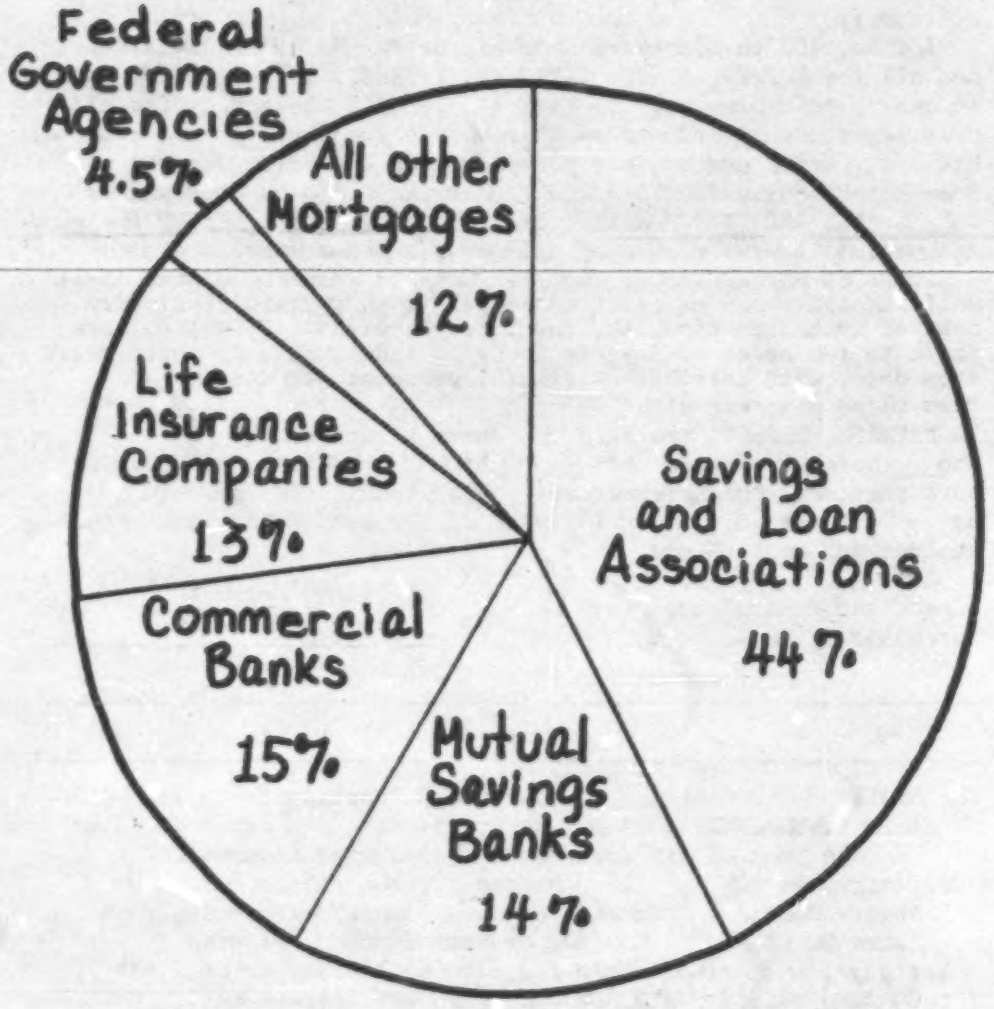

Big Bills are
for the Birds!
To reduce housing costs, use:
1. Wall and ceiling insulation
2. Carpeting with thick pad
3. Insulated draperies
4. Weather stripping of doors & windows
5. Thermo pane window glass
6. Light color wall and ceiling
7. Attic ventilation
8. Light colored roofs
9. Trees for wind breaks & sun shields
10. Accents of gay colors add a
feeling of warmth

A HOUSE IS A LIVING THING



1. COLOR OF FRESH FRUIT
2. FRAGRANCE OF CUT FLOWERS
3. AROMA OF HOT BREAD
4. SOUND OF CHILDREN AT PLAY
5. FEELING OF WARMTH IN AN OPEN FIREPLACE
6. COUNTENANCE OF PERSONS LOVED

Mortgage Loans Outstanding By Type of Lender


Federal Government Agencies 4.5%
All other Mortgages 12%
Life Insurance Companies 13%
Savings and Loan Associations 44%
Commercial Banks 15%
Mutual Savings Banks 14%

1967

Source: Savings and Loan Fact Book, 1968

Concept 12: Financing Individual and Family Housing

A MORTGAGE

KNOW ALL MEN BY THESE PRESENTS:

That James D. Graham of Montgomery County, Ohio, in consideration of the sum of Three Thousand ($3,000) Dollars to him in hand paid by Raymond E. Kelly does hereby GRANT, BARGAIN, SELL AND CONVEY to the said Raymond E. Kelly his heirs and assigns forever, the following described REAL ESTATE, situate in the City of Miamisburg in the County of Montgomery and State of Ohio.

Lot No. 103 on Blanchard Road of the Far Hills subdivision.

and all the ESTATE, RIGHT, TITLE AND INTEREST of the said grantor in and to said premises; TO HAVE AND TO HOLD the same, with all the privileges and appurtenances thereunto belonging, to said grantee, his heirs and assigns forever. And the said James Graham does hereby COVENANT AND WARRANT that the title so conveyed is CLEAR, FREE AND UNINCUMBERED, and that he will DEFEND the same against all lawful claims of all persons whomsoever.

PROVIDED NEVERTHELESS, That if the said James D. Graham shall well and truly pay or cause to be paid, his certain promissory note of even date herewith, for Three Thousand ($3,000) Dollars drawn to the order of Raymond E. Kelly and payable in three years from date, with interest at six (6) per cent per annum then these presents shall be void.

IN WITNESS WHEREOF, the said James D. Graham who hereby releases his right and expectancy of dower in said premises, has hereunto set his hand, this seventh day of June in the year of our Lord one thousand nine hundred and seventy-one.

signed and acknowledged in presence of us:

_____ _____

_____ _____

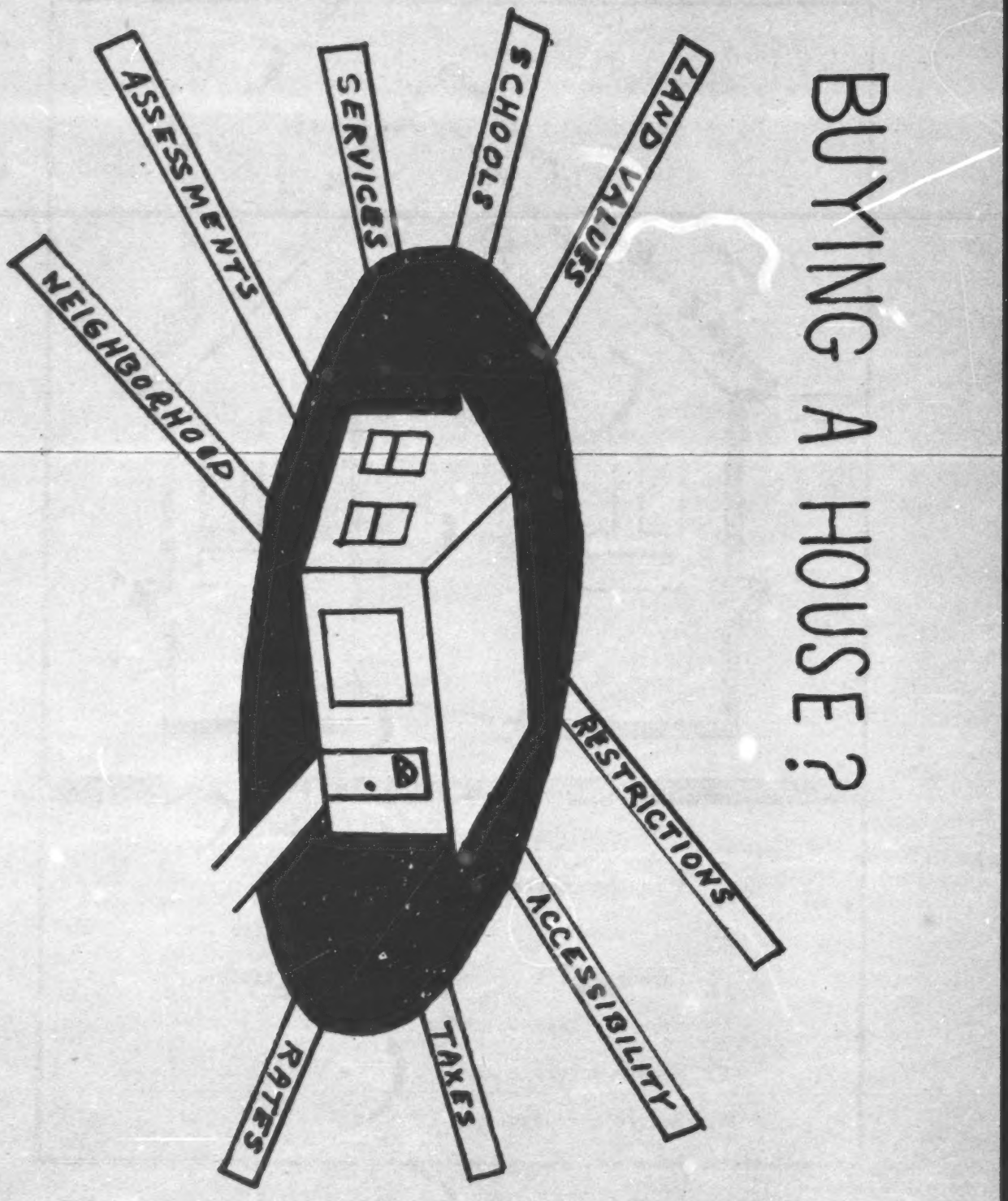
_____ _____

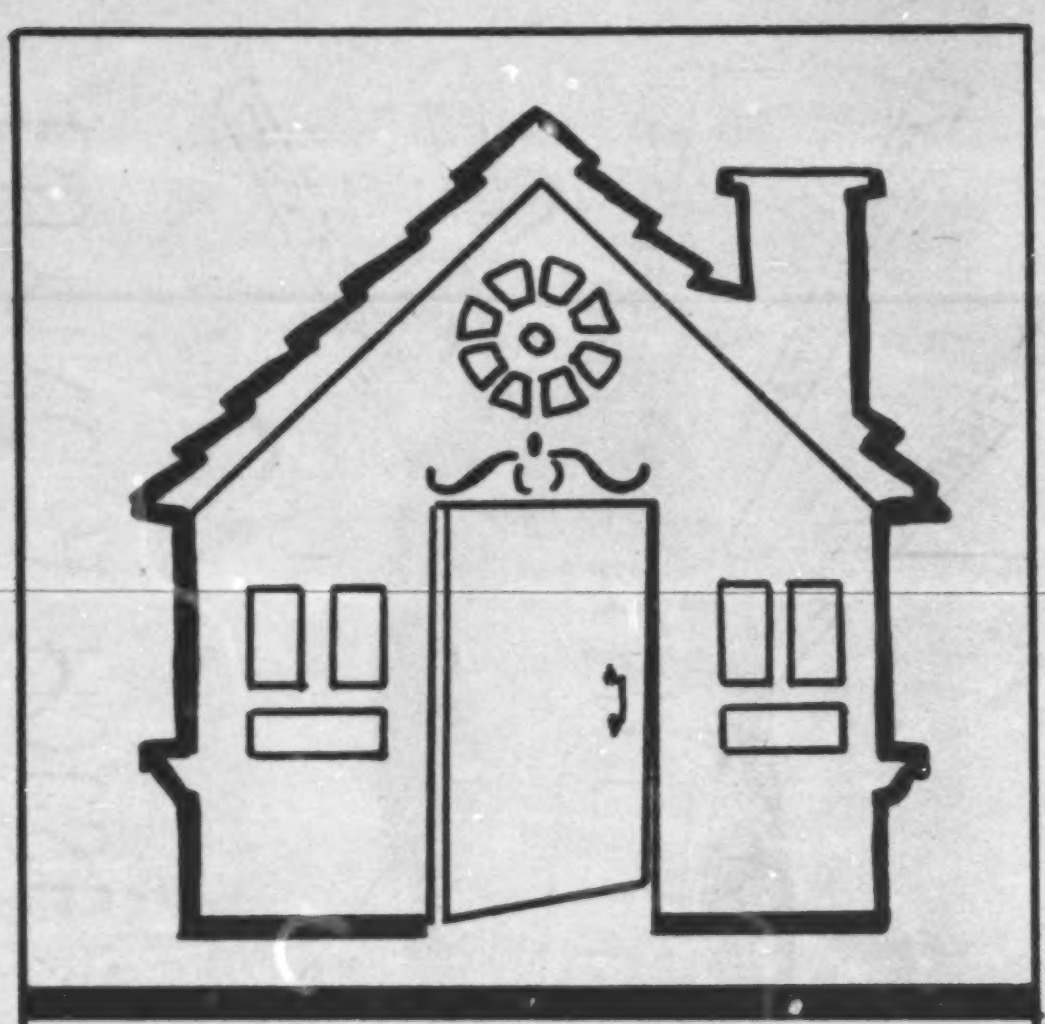
THE STATE OF Ohio COUNTY OF Montgomery SS.

BE IT REMEMBERED, that on the seventh day of June in the year of our Lord one thousand nine hundred and seventy-one before me, the subscriber, a Notary Public in and for said county, personally came James D. Graham the grantor in the foregoing Mortgage, and acknowledged the signing thereof to be his voluntary act, for the uses and purposes therein mentioned.

IN TESTIMONY WHEREOF, I have hereunto subscribed my name, and affixed my official seal, on the day and year last aforesaid.

_____.


BUYING A HOUSE?
ASSESSMENTS
SERVICES
SCHOOLS
LAND VALUES
NEIGHBORHOOD
RESTRICTIONS
ACCESSIBILITY
TAXES
RATES



OPEN THE DOOR TO HOME OWNERSHIP

1. Sign the contract.
2. Survey property to secure exact description.
3. Through title search, obtain clear title.
4. Sign mortgage if money is borrowed.
5. Secure accurate deed.
6. Record the deed.

Concept 12: Financing Individual and Family Housing

WORKSHEET FOR COMPARING COSTS OF AUTOMOBILES

Dealer's name and address

Make of car
Model and year
Body style and color

Costs

Price quoted, including federal tax	$_____
Optional equipment	
Heater	_____
Radio	_____
Automatic transmission	_____
Power brakes	_____
Air conditioning	_____
Tires (special)	_____
Clocks	_____
Other	_____
	_____
Shipping cost	_____
State or city sales taxes	_____
Registration or transfer fees	_____
License	_____
Dealer's servicing fees	_____
Total price of car, delivered	$_____

Trade-in allowance on

(make, model, year and mileage of your trade-in)	(-) $_____
Real price of car	$_____
Financing charges	$_____
Total cost of car	$_____

Concept 13: Financing Individual and Family Transportation

THE COST OF OWNING AND OPERATING AN AUTOMOBILE

FIXED EXPENSES	$
Monthly payments (total for twelve months)	
Insurance	
License fees and personal property taxes	
Estimated depreciation	
VARIABLE EXPENSES	
Gasoline	
Oil	
Tires	
Maintenance (repairs, major and minor)	
Other expenses	
TOTAL ANNUAL AUTOMOBILE COSTS	
MONTHLY AUTOMOBILE COSTS (annual costs divided by twelve)	
ANNUAL MILEAGE	
PER MILE OPERATIONAL COSTS (total annual costs divided by annual mileage)	

Concept 13: Financing Individual and Family Transportation

THE BUYER CHECKS OUT A USED CAR AND A DEALER

1. Note the general appearance
   a. Are there rust spots, dents and flaking points?
   b. Are the windows and windshield clear of cracks and gashes?
   c. Do the windows, doors, hood and truck open and close properly?
   d. Are the tires worn evenly on both sides?
   e. In what condition is the spare tire? Is there a jack and other tools?
   f. Are the front wheels even, neither leaning toward or from the car?
   g. If fenders are pushed up and down to rock the car, will the car rock more than once after pressure is removed? (shows condition of shock absorbers)

2. Look under the hood
   a. Do the rubber hoses and fan belt need repair?
   b. Is the engine block cracked or welded?
   c. Is oil leaking and collecting in puddles?
   d. Is the water in the radiator rusty and oily?
   e. Does the depstick smell of gas or indicate the use of heavy oil? (may indicate a broken fuel pump or the use of heavy oil to quiet a worn-out engine)

3. Examine conditions on the inside
   a. Are the floor mats and side paneling clean and in good condition?
   b. Do the lights, radio and horn work properly?
   c. Do the windshield wipers operate quitely?
   d. Does the brake catch if pushed down steadily (if it sinks slowly or must be pushed almost to floor board, there may be brake trouble)
   e. Are there more than two inches of free play in the steering wheel before the tires turn?
   f. Are the lights including the signal lights working properly? (Look for your own satisfaction)

4. Drive the car long enough for the motor to warm up and test under different situations such as in traffic, up and down hills, and on a highway
   a. Does the starter work easily?
   b. Are there strange noises when the motor is gunned?
   c. Does the red light go off after the car is started?
   d. Are there grinding or groaning noises when the car shifts to another gear?
   e. Do the brakes grab, pull to one side, make unusual noises?
   f. Does the car pull to one side if the steering wheel is held lightly?
   g. Does the engine jerk if the car is quickly speeded up?
   h. Are there puffs of blue smoke as the engine warms up?
   i. Does the car misfire on hills and die at stop signs?
   j. Has the radiator steamed up from the test drive?
   k. Does the mileage on the oil-change sticker talley with the mileage on the speedometer?

1. Does the mileage on the speedometer seem appropriate for the age of car? (the average car is driven about 10,000 miles per year)

5. Is the dealer reputable?
   a. How long has the business been in operation previously?
   b. Has the business changed ownership?
   c. Do you know people who have bought cars from this dealer?
   d. Do the salesmen answer questions evasively?
   e. Do the advertising claims seem misleading and exaggerated?
   f. Does the salesman insist that financing be done through the dealer or company?

Assignment: Students form into groups to research costs of individual and family expenditures in relation to the following:

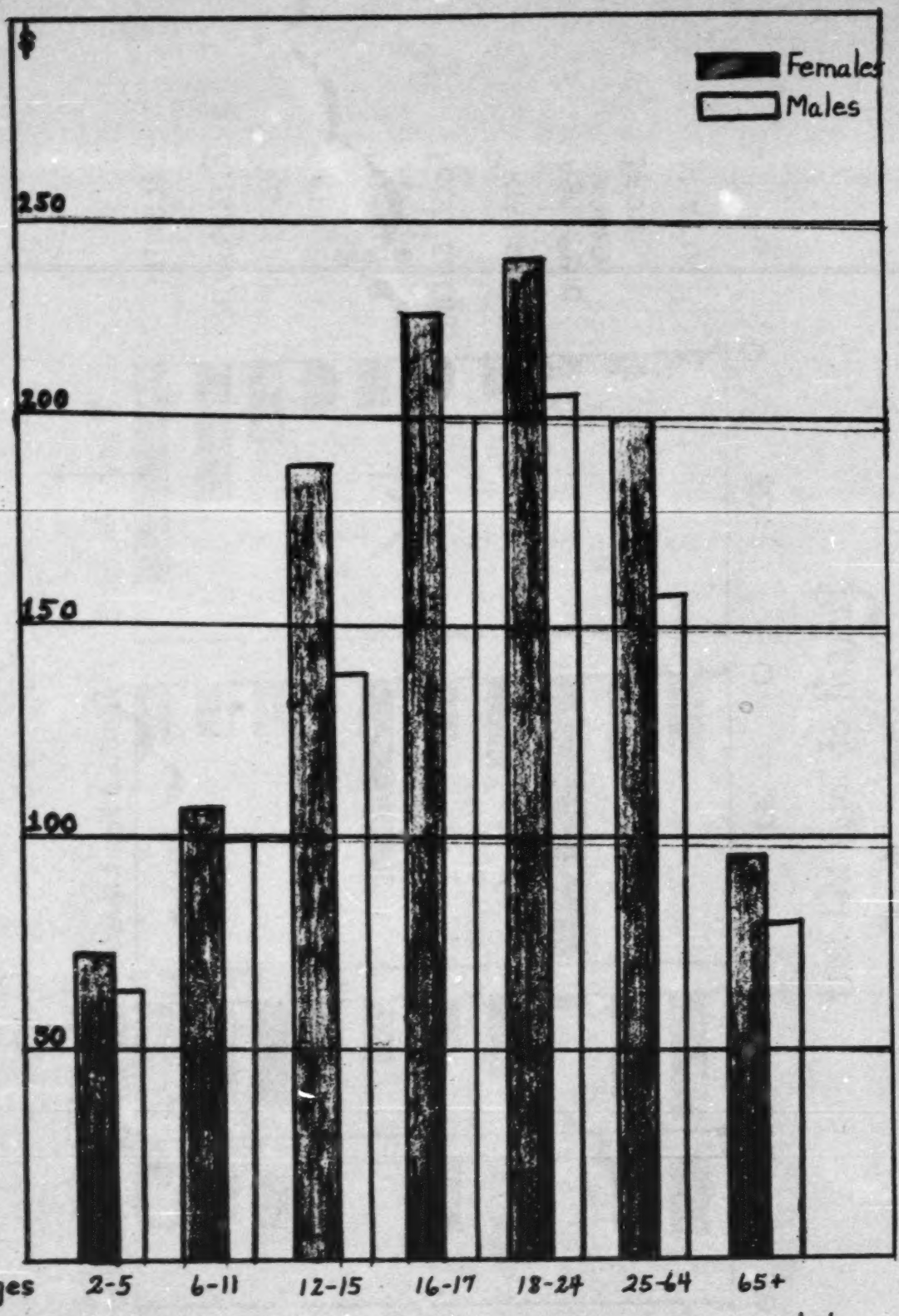
1. Foods
2. Clothing
3. Birth of baby and rearing
4. Household equipment
5. Furnishings
6. Educational and recreational

Class formulate guidelines for information needed.
Example:
Education and recreation

Consider the cost of an encyclopedia, daily papers, books, magazines, vacations, excursions, television, radio, record player, and tapes, movies golf equipment, boat, fishing gear, gardening tools and supplies, others.

Note to teacher:

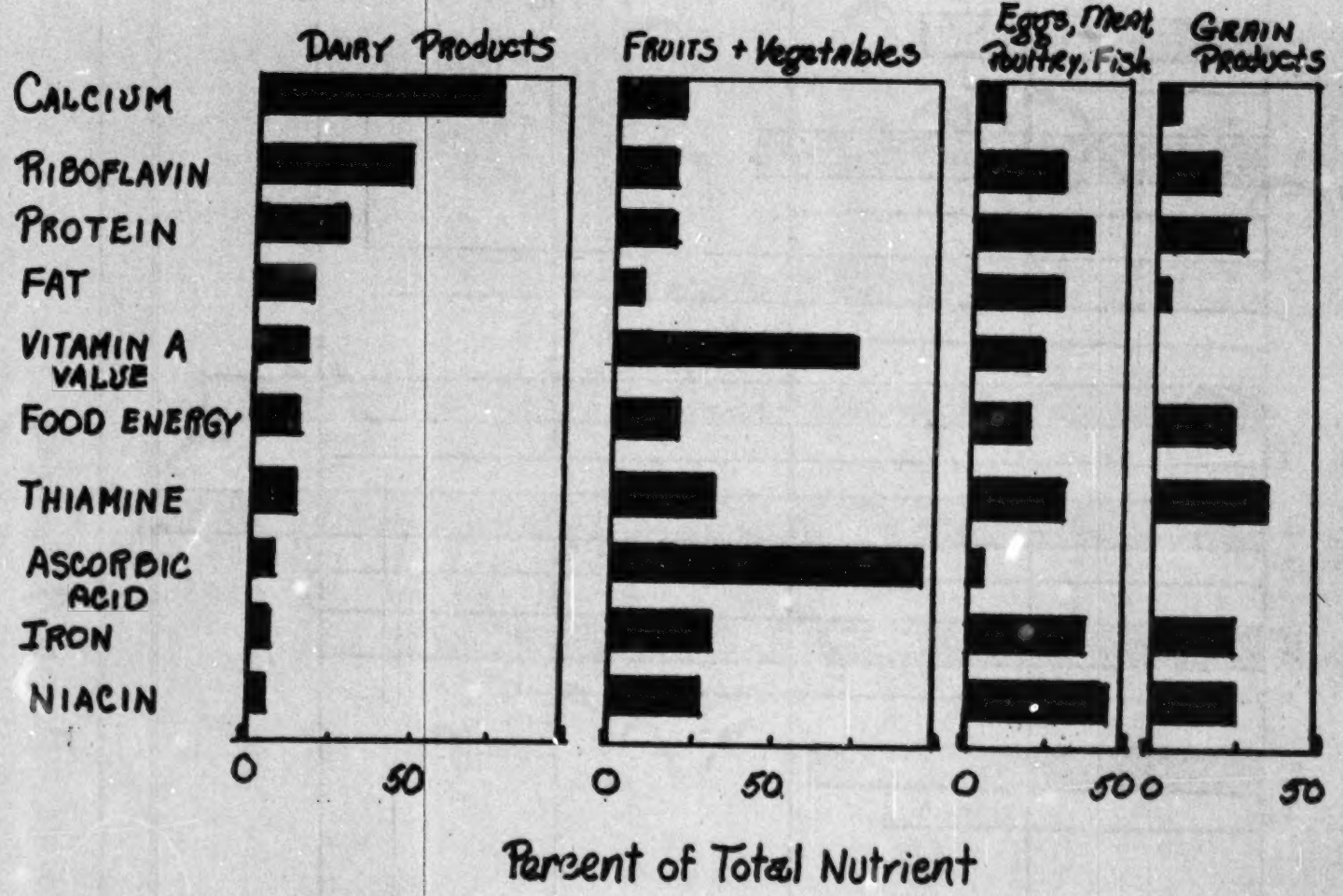
In each area assist students in thinking through these assignments on the basis of the contribution that each makes toward creating an environment for rich fulfillment of growth goals.



Annual Per Person Clothing Expenditure

225

CONTRIBUTIONS of FOUR FOOD GROUPS



229

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A PLAN FOR STUDENT PARTICIPATION IN EVALUATING COURSE OF STUDY

Students form into committees. Draw problems. Review materials and work out solutions. Prepare media (bulletin boards, transparencies, charts, skits) for presenting solutions to problems to entire class. (Give students 2 or 3 class periods for study and preparation of solutions.)

Suggestions for problems:

1. Mr. and Mrs. Laster and their three daughters ages 13, 16, and 19 live in a south Arkansas city of 30,000. Mr. Laster works as an accountant for a large company. Mrs. Laster, a housewife, manages her home and cares for the children Martha, Mary and Sue.

Mr. Laster has a bring-home pay of $12,000 per year. Deductions from his check include company retirement, Social Security, and Health Insurance in addition to Federal and state taxes.

The Lasters are buying a three bedroom brick home which costs $20,000. The monthly payment for the house, insurance, and taxes is $145.

Mr. and Mrs. Laster have been married for 23 years. They can anticipate the need for replacing their refrigerator and washing machine during the year, as the appliances are old and in poor operating condition.

Martha, the 19-year-old, is a sophomore at the University of Arkansas. The Lasters took out an educational insurance policy for her when she was a baby. This pays $500 per year toward her college expenses. Her freshman year cost a total of $1,800 excluding expenditure for clothes. (Room, board, tuition, fees, books and transportation to and from college are included in this figure.)

Sue, the 13-year-old, has braces on her teeth. The Lasters do not know how long she will wear these. The monthly expenditure to the Orthodontist is $15.

Mary is a senior in high school. She will need more clothes this year because of additional senior activities.

Problem: Plan a budget for this family for the coming year.

2. Sue and David have been married four years and have one child two years old. They are expecting their second child in four months.

David is the manager of a local catalog store and his take home pay is $600.00 a month. Before the first child was born Sue was employed as an elementary teacher. In the future she plans to return to teaching.

This couple is active and contribute to both civic and church affairs. They enjoy doing things as a family and do not have to spend money to have a good time. They value education and have recently begun a savings account for their child's education.

They recently had an opportunity to buy a nice, small home assuming an equity of $900.00, which took most of their savings. They drive a

medium price car which is a year and a half old and are making payments on a 30-month loan. Their major appliances are paid for except a small monthly payment on an automatic dryer. They wish to purchase a new color T.V. this year.

Problem: Plan a budget for this family for the coming year.

3. Until six months ago Mr. and Mrs. Carl Thompson were an average American family of five. The father was a construction worker with a bring home pay of $650.00 a month. Six months ago Mr. Thompson was injured in an accident and will be disabled for at least a year. His insurance will provide a small monthly income but even his fixed expenses exceed this amount. Mrs. Thompson is certified to teach in elementary school buy has not done so for the past fifteen years. If she returned to teaching, she would need to employ someone to keep her 5-year-old son. Other sources of income might come from their 12-year-old son and 15-year-old daughter.

Mr. Thompson receives $350.00 from his disability insurance. They had a savings account of $2000.00. Propose a budget for this family, considering their fixed expenses as follows:

Food--$135.00
House notes--$110.00
Car--$90.00
Life Insurance--$20.00
Educational Insurance--$12.00

The Thompsons have group hospitalization which is payroll deductable.

The family is active in their church and Mr. Thompson does civic work. Their lawn is 175 feet wide and 200 feet deep and Mr. Thompson needs a new power mower, as he works late hours and has limited time for yard work.

Mrs. Thompson has to return to school one more summer. Their car is one year old and in good repair. They live approximately 8 miles from work. The children can go to school with the parents.

SUGGESTED SPENDING PLAN

Food
- Inside home
- Outside home

Housing
- Mortgage payment
- Utilities
- Furnishings
- Upkeep

Transportation
- Car payment
- Gasoline and oil
- Insurance
- Maintainance

Advancement
- Books, magazines and periodicals
- Club dues
- Educational fund

Clothing
- Purchases
- Repair and Maintainance

Recreation and Entertainment

Allowances
- Vacation fund
- Insurance (life and health)
- Miscellaneous

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